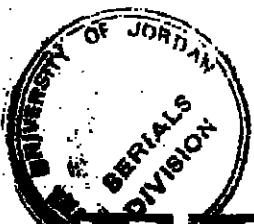


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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

SOVIET REFORM

Washington keeps
up the pressure

Page 18

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Wednesday May 29 1991

World News Business Summary

North and South Korea to join Nato at same time

In a major diplomatic turnabout, Communist North Korea said it would apply to join the United Nations simultaneously with pro-western South Korea.

North Korea took the step reluctantly, because it means giving tacit recognition to the existence of the South government and deviating for the first time from its one-Korea policy.

The surprise announcement follows four decades of hostility between the two Koreas.

Page 16: Joining the real world, Page 4

Tanker explosion

An oil tanker carrying 32 people was hit by an explosion and fire off the African coast near Angola. Eighteen survivors from the Bermuda-registered *Summer*, carrying 250,000 tons of oil, have been rescued.

US-USSR gap narrows

US differences with Moscow over the treaty reducing conventional forces in Europe (CFE), which have been holding up a US-Soviet summit, are now "very narrow", President George Bush said. Page 18

Gandhi ashes

In a solemn ceremony, the family of assassinated Indian leader Rajiv Gandhi poured his ashes into the sacred waters at the confluence of Ganges and Yamuna rivers.

Jet wreckage looted

Aviation experts inspected the crash site and wreckage of an Austrian jet that blew apart in flight, killing all 23 aboard. Widespread looting was reported at the scene. Page 4

Mozambique deal

The Mozambique government and Renamo rebels have agreed to sign a compromise deal to unblock peace talks aimed at ending the country's 16-year civil war.

New bishop for Moscow

Tedious Konradin has 45. The first Russian Catholic Archbishop of Moscow for more than 50 years was enthroned following an appointment between the Kremlin and the Vatican.

Japanese 'wall of death'

Japanese hunting policy and "wall of death" fishing nets are killing thousands of dolphins, porpoises and small whales, driving many species to the point of extinction, according to a report at the International Whaling Commission meeting in Iceland.

Islamic law for Pakistan

Pakistan's parliament decreed that the Islamic code of Sharia will be the country's supreme law. The controversial legislation was after 40 failed amendments by a weak opposition that called the Bill fundamentalist and undemocratic.

An ageing Europe

Research shows that populations in Europe and Canada are likely to age significantly over the next 50 years, a development that could severely burden economies.

Hijacker to be extradited

A Greek court has agreed to request the extradition of Palestinian Abdulrahman Khaled, convicted in Italy of murdering the Achille Lauro cruise ship hijack in 1985.

Yugoslav debate

Yugoslavia's federal parliament began debate on a motion of no confidence in Premier Ante Markovic, whose attempts at market reform have angered Serbia's government of renegade Communists.

African sanctions

African leaders, divided in their response to recent reforms in South Africa, are to review the need for sanctions at the June 3-5 OAU summit in Abuja, Nigeria.

ICL expected to announce purchase of Nokia Data

ICL, the UK-based computer manufacturer, 80 per cent owned by Fujitsu of Japan, is expected to announce today that it will buy Nokia Data, computer systems division of Finland's largest public company. Page 19

JAPAN Airlines

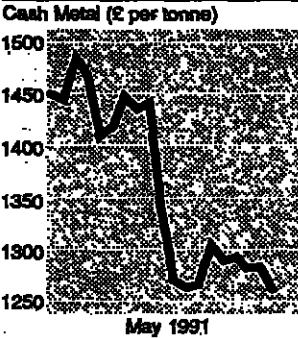
The nation's largest international carrier, said pre-tax profits tumbled 49 per cent to ¥25.5bn (€197.7m) in the year to the end of March. All Nippon Airways, the leading domestic carrier, suffered a 19.4 per cent decline in pre-tax profits to ¥25.4bn. The airlines blamed the effects of the Gulf war for the profits decline. Both suffered lower international passenger load levels. Page 19

COPPER

The dollar's fall influenced the London Metals Exchange's starting-denominated copper price, which fell to a three-month low of \$1,270.50 a tonne in the cash position. The three months

Copper

Cash Metal (£ per tonne)



price was down still more sharply, by £30 to \$1,238.50 a tonne. Attention remained focused on labour relations at the Chilean Copper Corporation (Codelco). Commodities, Page 27; Dollar falls below DM1.70, Page 28

IMPERIAL CHEMICAL INDUSTRIES

The chemicals combine, has been told by the British government that any bid by Hanson, the acquisitive UK conglomerate, would almost certainly be handled by the European Commission's competition authority in Brussels rather than the British Monopolies and Mergers Commission. Page 19

FERRUZZI Financials

(Ferruzzi), the holding company for Italy's second-largest private-sector group, suffered a 20 per cent fall in after-tax consolidated earnings, net of minority interests, to L245bn (€195m) last year. Page 19

US CONSUMER confidence

fell in May for the second successive month, throwing doubt on forecasts that the recession will shortly bottom out. The index fell to 74.2, compared with 79.4 in April and 107.3 a year ago. Page 8

OIL MINISTERS

are expected to agree a slight increase in oil production at next week's meeting of the Organisation of Petroleum Exporting Countries (Opec) in Vienna. Page 15

CANADA PACKERS

The Toronto-based food processing subsidiary of BUSHNOWN Holdings, the UK food group, is selling its edible oils division for C\$105m (US\$132m). Page 20

BUY-INS

Most UK management buy-outs fail to attain the financial targets in their business objectives, according to a study by Nottingham University's Centre for Management Buy-Out Research.

LAND ROVER

Plans by the UK maker of four-wheel drive leisure/utility vehicles to set up a "sizeable" operation in Brazil are in jeopardy because a Rio businessman claims he is the legitimate holder of the Land Rover name in Brazil.

Ethiopian government to follow rebel win

By Julian Ozzanne and Michael Holman

AGREEMENT on a transitional government for Ethiopia was reached at peace talks in London yesterday as rebels won control of the capital Addis Ababa.

The rebels' victory in effect ends 30 years of civil war. Mr Meles Zenawi, the 36-year-old leader of the Ethiopian People's Revolutionary Democratic Front, the main rebel group, and probable future leader of the country, said in London that his US-endorsed takeover of the capital was complete.

Mr Herman Cohen, the US

assistant secretary of state for African affairs who chaired the two-day London meeting, said the three rebel groups involved had agreed to hold a follow-up conference "not later than July 1 to discuss... the formation of a broad-based transitional government".

"They have agreed that such a conference is important in order that a wider range of parties and interests be included," US officials brokering the negotiations sanctioned the capture of the city by Mr Zenawi's EPRDF, but have warned that future aid and co-operation will depend on greater democracy in the country.

Mr Cohen stressed that "the government of Ethiopia, whichever form it takes, cannot expect international co-operation without democracy. This is extremely important. There will be no exceptions to that rule."

The EPRDF, which once espoused a Marxist ideology, has since moderated its stand. In addition to forming a transitional government, the rebels have agreed to hold internationally monitored elections in nine to 12 months and

convene an assembly to prepare a new constitution.

Yesterday's rapid takeover of the capital, which began with a dawn invasion by thousands of EPRDF guerrillas, allayed fears of a slide into anarchy.

However, implementing promises of peace, democracy and reconciliation after three decades of civil war and famine will prove a demanding task. Thousands of government troops are still in the country-side and some loyalist soldiers have yet to be won over.

The other groups at the talks were the Eritrean People's Liberation Front (EPLF), which seeks independence for the Red Sea province of Eritrea, and the Oromo Liberation Front, representing Ethiopia's largest ethnic group which advocates self-determination for the Oromo people.

Mr Tesfaye Dinka, the Ethiopian prime minister who on Monday quit the London meeting after Washington sanctioned the rebel takeover, yesterday called the talks unrepresentative.

He said the EPRDF's "temporary" position in power did not mean Ethiopia's political problems would be solved.

At his London press conference, seated in front of a red banner dominated by the image of a Kalashnikov assault rifle, Mr Zenawi promised the maintenance of law and order and speedy resumption of famine relief.

In Addis Ababa burnt-out tanks smouldered outside the presidential palace and bodies were scattered over the grounds where rebels and the army had fought.

Rebels with a cause, Page 5

Nato plans rapid reaction force commanded by UK

By David White in Brussels

A COMPLETE reorganisation of Nato forces for the mid-1990s, including a British-commanded rapid reaction corps, was agreed yesterday by defence ministers meeting in Brussels.

The new structure means Nato will field smaller forces in the central region of Europe by the middle of the decade. The plan, a response to the collapse of the Warsaw Pact and Soviet withdrawals from eastern Europe, will reshuffle Nato forces from separate nations into mixed formations.

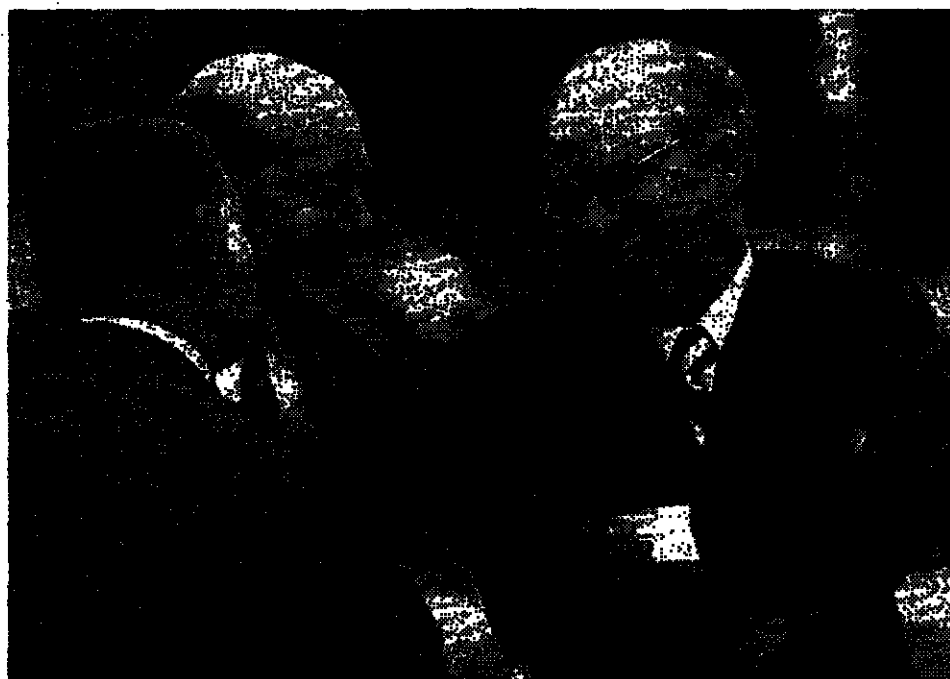
Forces attached to Nato's integrated command are expected to be reduced by more than 20 per cent over the next few years, including deep cuts in US and British stationed troops.

The US Army in Germany is expected to be reduced from more than 200,000 to about 70,000.

Approval of the changes will enable the British government to go ahead with a planned 25 per cent reduction of the British Army to 120,000. The current figure of 55,000 British troops stationed in Germany is to be halved.

The three armoured divisions of the British Army of the Rhine will be cut to one. This division will be given an important role in the new rapid reaction corps, which will be headed by a British lieutenant-general.

However, Mr Gerhard Stoltenberg, German defence minister, said he had been made for the British armoured division to be deployed as part of a German-led army corps, depending on circumstances. This means British troops could come under German command.



NATO secretary general Manfred Wörner, centre, chats with US defence secretary Dick Cheney, right, and Greek defence minister Ioannis Varvitsiotis, at yesterday's meeting

The compromise, dual-role arrangement reflects German sensitivity about the high profile being assumed by the UK in the reshaping of Nato's armed forces in Europe after the Cold War.

A key to the new force structure is that it should be adaptable to a range of different contingencies, in contrast to the current structure geared to facing a massive and sudden attack by the Soviet Union.

Under the new look Nato structure, a British-dominated rapid-reaction corps, totalling between 70,000 and 100,000 men, will train for quick deployment.

Apart from the remaining British armoured division in Germany, it will involve a lighter British division based in the UK, an air-mobile division made up of British, German, Belgian and Dutch units, and a southern region division probably under Italian leadership.

Mr Tom King, British defence secretary, said a US Army division might also be attached to this corps.

Nato is also planning air and naval units for rapid deployment. The structure and command of these is due to be set

led in the autumn.

Mr Stoltenberg emphasised that the changes in Nato force structures were linked to the strengthening of Europe's role in the Alliance.

Yesterday's talks, at which France was not represented, showed diverging opinions about the nature of a future "defence identity" for Europe.

Mr Ian Davidson in Paris adds: The French Foreign Ministry spokesman made clear that France would have nothing to do with a new Nato Rapid Reaction Force since France is not part of Nato's integrated military structures.

Newmont in merger talks with Canadian gold producing group

By Nikki Tait in New York and Bernard Simon in Toronto

NEWMONT MINING, the largest US gold producer, and American Barrick Corporation, a sizeable Toronto-based gold miner with interests ranging from Nevada to Quebec, announced yesterday that they were considering a merger.

If the deal goes ahead, it will create a very substantial gold producing group. Newmont Mining, through its Newmont Gold subsidiary, produces around 1.5m ounces a year, while American Barrick notched up around 600,000 ounces in 1990.

The two companies said that they had already agreed the broad terms of the deal - a share swap involving 1.8 shares in American Barrick for each Newmont share - but warned that a number of substantive issues remained to be resolved.

"There is no certainty that discussions will move to the stage where approvals will be sought of the respective boards of directors of shareholders," a joint statement said. Newmont declined to elaborate on the areas still under discussion, or

to give a timetable for further talks.

The transaction may involve a separate offer by American Barrick for the 9.9 per cent minority interest in Newmont Gold, which is not currently owned by the US company. If so, there would be a separate share exchange offer, on the basis of 1.945 shares in American Barrick for each share in Newmont Gold. Newmont's principal operating subsidiary in the US, would then become a 100 per cent owned subsidiary of the merged group.

About 42 per cent of Newmont's shares are currently held by Sir James Goldsmith, the Anglo-French financier, and a further 7 per cent by companies under the control of Britain's Lord Rothschild. These interests were acquired via an asset swap deal last year with the UK's Hanson group. Hanson, in turn, had picked up the Newmont holding through a bid for Consolidated Gold Fields.

Yesterday, Newmont said that the Barrick deal had been discussed with its board, where Sir James is represented, and that it was not aware of any lack of support. In London, however, the merger discussions seemed to create some surprise at the Rothschild offices: "We had no prior news," Mr Clive Gibson, a director of St James Capital, said. "We're learning about it now." Sir James was said to be travelling and uncontactable.

In mining terms, a merger would bring together two of the strongest gold producers outside South Africa.

Newmont's 90 per cent-owned gold mining subsidiary, Newmont Gold, is already North America's biggest producer. It has the advantages of low costs (totalling only US\$218 an ounce last year), no debt and huge ore reserves.

Barrick is a less conservative group. It has grown rapidly in the seven years since it entered the gold business, and has gained a special reputation for innovative ways of hedging its

Continued on Page 18

Observer, Page 16

New Bundesbank chief appointed for two years

By Andrew Fisher in Frankfurt

MR HELMUT SCHLESINGER, a resolute defender of price stability, will be appointed the next president of the Bundesbank for a two-year term, the Finance Ministry in Bonn confirmed yesterday.

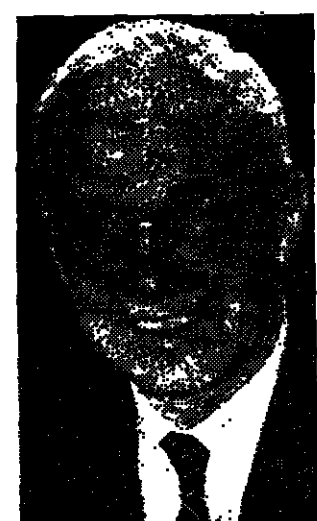
The 66-year-old Mr Schlesinger will thus cap a career of nearly four decades at the central bank by succeeding Mr Karl Otto Pöhl, 61, who earlier this month announced that he was resigning in October for personal reasons.

Succeeding Mr Schlesinger as Bundesbank head in 1993, when he reaches retirement age, will be Mr Hans Tietmeyer, 59, former state secretary at the Finance Ministry who joined the Bundesbank directorate in 1989 and will now move up to vice-president.

The government's quick decision on the succession has avoided the embarrassment caused when Mr Pöhl's confirmation for a second eight-year term, the full period of office, was delayed by coalition disagreements in 1987. The Finance Ministry said that Mr Theo Waigel, the finance minister, would propose Mr Schlesinger's appointment at today's cabinet meeting or at the next one on June 12.

Although Mr Tietmeyer was widely tipped to succeed Mr Pöhl after he made his resignation known, the government decided that the nomination of Mr Schlesinger would give financial markets stronger reassurance of policy continuity at the Bundesbank.

The tough-talking Mr Tietmeyer, who concentrates mainly on international monetary affairs, has taken an equally strong line on the need



Helmuth Schlesinger: more restrained

for anti-inflationary policies, but he has been at the bank for a relatively short time since leaving Bonn.

With a more restrained style than the often convivial Mr Pöhl, who also came from the Finance Ministry, Mr Schlesinger has nevertheless made his mark on the workings of the Bundesbank as its main economic thinker.

He is less well-known outside banking circles than Mr Pöhl, but has used every opportunity to hammer home his strong views on the need to stamp out inflation before it is too late. Last year, as concern grew about the cost of reunification, he called on the government to look at bolder ways of solving the problem such as more privatisation of west German state assets.

HAVE YOU SIGNED UP FOR MANCHESTER UNITED?

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MARKETS	
STERLING	
New York lunchtime:	\$1.7455
London:	\$1.745 (1.7305)
D42.5225 (2.5175)	FF10.0875 (10.045)
FF12.5225 (2.5175)	¥240.5 (239.5)
£ index 92.0 (91.8)	
GOLD	
New York: Comex Jun	\$383.7 (359.9)
London:	\$381.0 (358.05)
N SEA OIL (Argus)	
Brent Jul	\$18.45 (18.325)
Chief price changes yesterday: Page 18	
DOLLAR	
New York lunchtime:	DM1.885
FF15.788	FF1.4445
Y137.65	
London:	DM1.888 (1.7085)
FF15.77 (5.002)	FF1.4455 (1.455)
Y137.85 (138.4)	£ index 85.7 (85.8)
Tokyo close:	138.35
US bond futures	
10-year Treasury Bill:	yield: 5.55
Long Bond:	yield: 5.55
yield: 5.25%	
STOCK INDICES	
FT-SE 100:	2,479.7 (+5.8)
FT Ordinary:	1,937.0 (+4.5)
FT-A All-Share:	1,194.85 (+0.2%)
New York	
DJ Ind. Av.	2,889.38 (+18.45)
S&P Comp	378.76 (+1.29)
Tokyo Nikkei	25,200.67 (-55.21)
LONDON MONEY	
3-month interbank:	closing 11.5 (same)
Life long gilt future:	June 30/31 (9013)

EUROPEAN NEWS

Brussels sees Britain's VAT policy as danger

By Andrew Hill in Brussels

BRITAIN'S refusal to let Brussels set European Community rates of value added tax (VAT) could jeopardise the completion of the internal market, according to Mrs Christine Scrivener, the EC tax commissioner.

Mrs Scrivener yesterday warned that continued British intransigence at next Monday's meeting of EC finance ministers risked throwing away perhaps the best opportunity so far for member states to agree on the vexed question of indirect taxation.

"There's a contradiction between a desire to have a single internal market and this refusal to set a minimum rate [of VAT]," Mrs Scrivener said yesterday.

She believes that 11 of the 12 member states now favour a compromise proposal, tabled by the Luxembourg presidency of the EC, for a minimum 15 per cent rate of VAT from January 1, 1993. But approval has to be unanimous and the UK is again set to oppose the proposals on the fundamental grounds that VAT rates should be market-driven, and that imposition of rates threatens sovereignty over tax matters.

"The government would be very reluctant, I think, to concede on that point of principle," said a UK official yesterday. "It's not clear to me that

France is likely to raise VAT on some products to help hold the budget deficit at FF80bn (£7.96bn) this year, Mr Pierre Bérégovoy, the economics minister, said yesterday. The current middle VAT rate is 18.6 per cent.

He said in a radio interview that the VAT increases would "respond to the need to control the budget deficit" at a time when growth and tax revenues are slowing.

There's any middle way which would allow honour to be satisfied," Britain also disputes the Commission's belief that harmonisation of VAT is essential for the achievement of the single market.

The UK's principal objection to VAT harmonisation particularly rankles with Mrs Scrivener because she believes Britain - often critical of the Commission's lack of pragmatism - would have little problem conforming to the Luxembourg proposals, and that other member states have already made more material sacrifices.

The Luxembourg compromise would allow the UK to retain its current rate of VAT at 17.5 per cent, and, at least for a transition period, continue zero VAT-rates on some socially or culturally important goods and services. "I would

say that in this case, it's probably the UK which is in the best position (to comply with the Luxembourg proposals)," Mrs Scrivener said yesterday.

Officials fear that failure to reach agreement on Monday might prompt other EC countries to unearth their old objections to the plan, undermining the possibility of an agreement before finance ministers' self-imposed deadline expires at the end of this year.

At an informal meeting of finance ministers two weeks ago, Luxembourg's representative, Mr Jean-Claude Juncker, said his country wanted to use the last month of its presidency to get some agreement on the issue. But EC officials are also afraid that once released from the presidency, Luxembourg, with its traditionally low indirect tax rates, will revive its own opposition to further harmonisation. The Netherlands, which takes over the presidency in July, is also thought to be less willing to make concessions to intransigent member states.

The Commission is particularly keen that borders should be seen to be open after 1992. If VAT rates are not narrowed sufficiently, frontier tax checks might still be needed. If agreement is reached, the proposals will take the form of a directive on indirect taxation.

Communist party accused of twisting arms among the military

Yeltsin's running mate says troops under poll pressure

By Leyla Boulton in Moscow



Col Alexander Rutskoy: counting on votes of Communists and "others who favour democratic change".

THE Soviet Union's ruling Communist Party is exerting overt pressure on the armed forces to vote against Mr Boris Yeltsin in next month's Russian presidential elections, the Russian leader's running mate charged yesterday.

Colonel Alexander Rutskoy, himself a Communist, said the greatest threat to Mr Yeltsin came from party committees who were ordering ordinary members to vote for Mr Nikolai Ryzhkov, the disgraced former Soviet prime minister known as "the weeping minister".

"Our greatest weakness is that we don't have district and regional committees and can't force people to vote against their will (unlike the Communist party)," he said in a telephone interview. "The great strength of Leninism is that it says nothing negative about man," he also reveals that he is a Christian.

Lighting a cigarette, the colonel says he visits the Zagorsk monastery every three months to "rest his heart and soul". Like a knight going into battle, he went to the fathers of the Russian Orthodox Church on Monday to seek their blessing for "this great task".

But he says that unlike the Communist party, the church, which is re-emerging as an important force in Russia, will not give instructions to its believers on how to vote. His only advice to the electorate is to come out and vote, and "leave your indifference at home".

A member of the central

Madrid in drive to save US air links

By Peter Bruce in Madrid

A HIGH-LEVEL Spanish foreign ministry delegation is due to start emergency talks with the US Department of Transport in Washington today, in an effort to prevent the possible collapse of air traffic between the two countries.

The US warned last week that the Spanish authorities had until yesterday to explain why they had blocked introduction of a new American Airlines route from Miami to Spain, a United Airlines route, due to start next month from Washington, and plans by Continental to fly from Newark, New Jersey, from next January.

If the Spanish delegation fails to satisfy Washington, and Spanish flights to the US are blocked in retaliation, officials in Madrid warn that established US routes to Spain could in turn be blocked, thus threatening all traffic between the two countries.

Spain's decision to block the first American flight from Miami has brought to a head a tense debate between the two countries over revisions to their bilateral civil transport treaty, signed in 1972. The Spanish feel the weight of traffic is tilting too heavily in favour of US airlines.

Spain wants its state-owned carrier, Iberia, to be allowed to build a hub at Miami to serve Latin America and the Caribbean. Iberia has recently bought control of Aerolineas Argentinas and a Chilean carrier, and wants to become Europe's main carrier to South America. Iberia is also pressing to be allowed to sell internal routes in the US, through agreements with regional airlines.

Officials at Iberia were confident yesterday that the row over blocking American Airlines could quickly be resolved. But some analysts believe the Spanish will find it difficult to persuade Washington to allow Iberia to open a hub in Miami, as this could imply a large increase of traffic from Spain to the US.

W German inflation

West German inflation accelerated again in the month to mid-May, to its highest year-on-year level since last November, Reuter reports from Frankfurt.

The Federal Statistics Office said cost of living for May was provisionally 6.3 per cent up on April, 2.9 per cent higher than a year earlier, and the highest annual rate since 8 per cent in November 1990. Economists expect the rate to rise, perhaps topping 4 per cent in July.

Indexation of earnings moves a step closer

By Leyla Boulton in Moscow

THE Soviet parliament yesterday gave preliminary approval to legislation for the partial indexation of earnings to cushion Soviet citizens against inflation.

The legislation is designed to ease popular fears about steps to a market economy but begs the question of whether the country can afford it. The Labour Ministry estimates that every percentage increase in a yet-to-be-created retail price index will cost Rb83.55bn (£1.6bn) in compensation.

The law, which goes for a second reading later this month, is thus short on details. The official explanation for this, however, is that consumer baskets and the degree of compensation for various categories of citizens have

yet to be worked out by central and republican governments.

Indexation for pensioners, students, teachers, doctors and other state employees who do not work in industrial enterprises, is supposed to come from (depleted) state coffers. But compensation for workers in state-owned enterprises will in theory be compensated from wage funds and tied to productivity increases.

This suggests that profitable enterprises will have to carry higher wage bills, while loss-makers will have to run to the state for more money.

The Soviet government, which says its ultimate aim is to free prices, increased state retail prices on April 2 by an average of 70 per cent.

Bucking the German trend with management buy-outs

By Leslie Collett in Berlin

MR Helmut Warnke is a rare species of manager in Germany, east or west.

As managing director of the APAG aluminium products enterprise in Potsdam, he and two other executives took over their former east German state company two months ago in a management buy-out.

"We did it without knowing what it was called," the new owner admitted.

Management buy-outs are unusual in west Germany and even more so in the east where takeovers by west German companies are generally the rule. Just 80 out of nearly 1,600 former state enterprises sold by the Treuhand agency for the privatisation of east Germany, saw sales plunge after the Treuhand now believes that 1,200 of the 7,400 companies it still has to sell could be disposed of through MBOs. Smaller and medium-sized companies, in particular, are seen as obvious candidates.

Mr Warnke, however, was loath to approach the privatisation agency last September when he decided to embark on a management buy-out. The Treuhand had rejected his first bid for privatisation in early 1990 and he was convinced that former communist functionaries in the agency were to blame.

"We were afraid of dealing with the same people and being turned down again," Mr Warnke explained. Instead, he established a holding company with three other APAG managers. They took in a minority shareholder to negotiate on their behalf with the Treuhand.

West German banks were also difficult to convince because they felt the security being offered was too vague and the risk too great, Mr Warnke said. In the end, the company's former house bank, Deutsche Gewerbank, which had been renamed and revamped as the Volksbank Potsdam, was willing to finance the purchase solely

against the security of the future business prospects, which appeared bright. APAG had won several new customers in the west after losing all but three of its 300 former customers as a result of competition from the west following currency union.

Mrs Birgit Brenzel, the new president of the Treuhand, said at a recent management buy-out fair under Treuhand auspices, that in the event of equal bids the agency would give preference to MBO offers. She also suggested that the Treuhand could take steps to reduce the debt load of the companies in question.

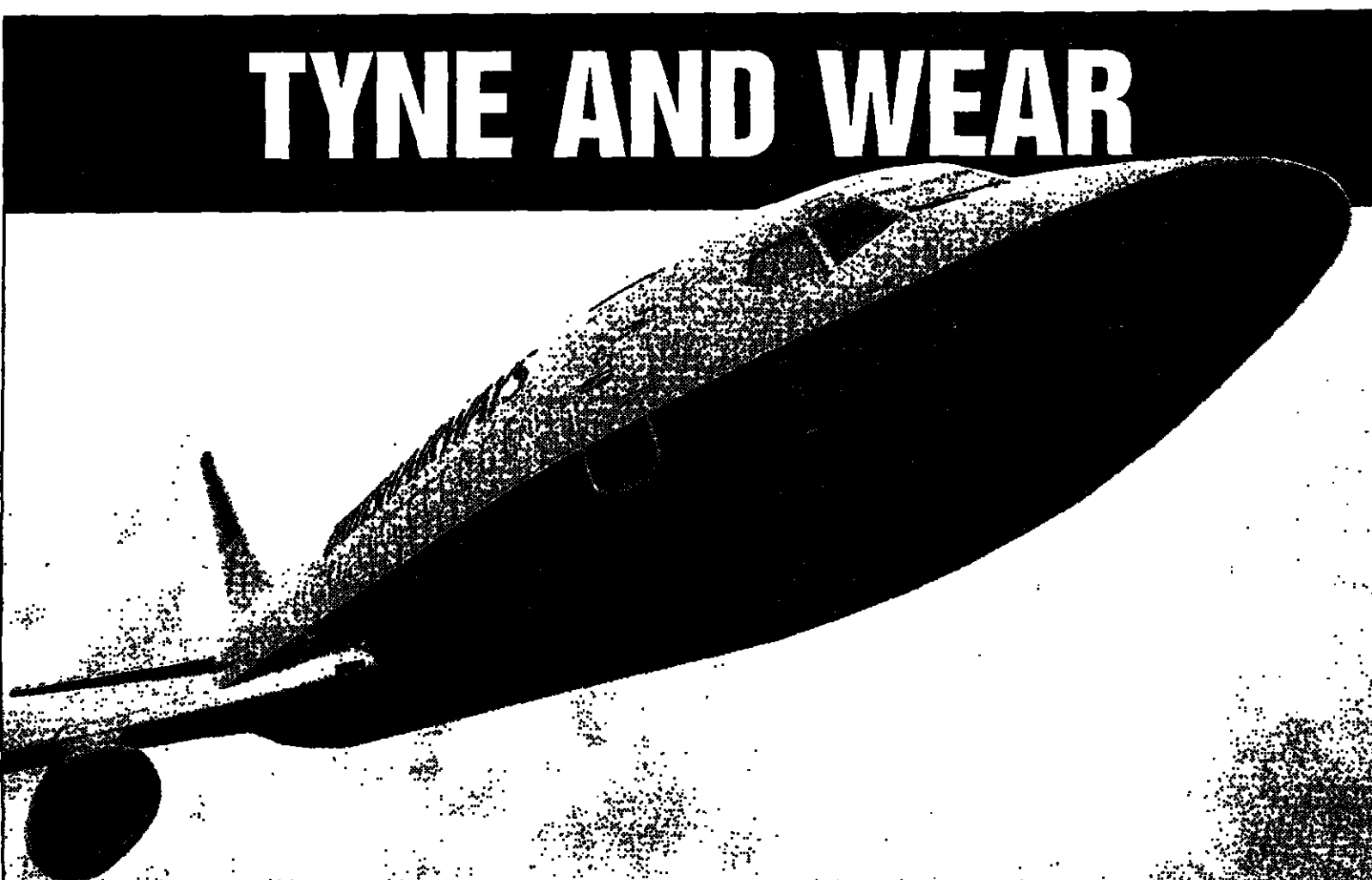
Mr Wolfgang Jadwiliak, the director of a state bakery in Waren in the north of east Germany, saw sales plunge after currency union last year. The bakery used to receive 12m Marks a year in subsidies to produce bread which was so cheap that farmers often used it as fodder.

A few west Germans offered to buy the bakery but the offers appeared to be vague and the prospective buyers had not raised the finances to back their proposals. Mr Jadwiliak suspected that some only wanted the bakery for the property which they would later re-sell at a large profit.

Another potential buyer wanted the company to supply bread to a discount food chain which would have meant a radical reduction in bakery staff because the product would have become more standardised.

After a harrowing experience with the Treuhand last year, which withdrew its guarantee for a DM200,000 (\$200,000) loan to the bakery - the bakery was never certain why - Mr Jadwiliak engaged a management consultant and decided on a buy-out with three partners.

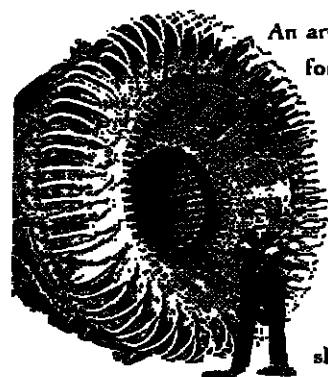
He was convinced they could meet competition from more distant west German commercial bakeries by providing fresher products to the local market with the help of new equipment and top quality raw



DOES THE BUSINESS.

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Madrid
drive to
save US
air links



Bérégovoy: preserving stability of French money

Slower growth in France forecast

By Ian Davidson in Paris

FRENCH economic growth is unlikely to be higher than 1.5 per cent this year, Mr Pierre Bérégovoy, the finance minister, said yesterday.

This is a significant downward revision when compared with the most recent government assumption that growth might reach 2 per cent. That itself was sharply down on the original budget forecast of 2.7 per cent growth in 1991.

At the same time, however, the government reported a sharp improvement in the April trade figures, highlighted by a first-ever surplus in trade with Germany.

Mr Bérégovoy revealed his lower growth forecasts in testimony to the senate in which he confirmed his determination to stick to the achievements of the government's policy of economic discipline.

He said he intended to "guarantee to the French that the stability of their money would be preserved", and added that he intended to "consolidate, in all circumstances, our economic achievements". Mr Bérégovoy specified that he hoped to bring the inflation rate below 3 per cent this year.

Earlier, he told a radio interviewer that it was his duty to "do everything to get the economy going", since unemployment would increase if growth did not start again. On the other hand, he expected that growth would resume in the second half of the year.

The April trade deficit dropped to FF2.1bn (\$200m), compared with FF4.5bn in March. The deficit in industrial goods remained roughly stable at FF4.5bn, but there was a sharp reduction in the energy deficit, as a result of the mild weather and the economic slowdown.

For the first four months of the year, the trade balance showed a deterioration in the cumulative deficit of FF15bn in seasonally adjusted terms, compared with a deficit of FF7bn last year.

The trade balance with the rest of the European Community moved into surplus (FF1.6bn in April) from an average deficit of FF2.9bn over the previous 12 months.

This improvement was mainly due to a sharp improvement in trade with Germany, from a deficit of FF700m in March to a first-ever surplus of FF300m in April.

France's domestic airline Air Inter said yesterday it would cut flights by 30 per cent today and tomorrow because of a strike by flight engineers, Reuters reports from Paris.

The engineers' two-day stoppage is over guarantees about their future, a spokeswoman said. Air Inter is introducing two-crew cockpits and the flight engineers fear they will be phased out. The company earlier staged off a strike by pilots after reaching a settlement on wages.

EC takes cautious line on Yugoslavia

By David Buchan in Brussels

THE SQUABBLING republics of Yugoslavia can hope for closer relations with the European Community soon only if they stay together and progress towards a collective democracy, EC leaders will tell their Yugoslav counterparts this week.

Mr Jacques Delors, Commission president, and Mr Jacques Sauter, prime minister of Luxembourg which holds the EC presidency, today begin a delayed two-day trip to Belgrade.

The EC leaders postponed a trip earlier this month because they felt it might coincide with a takeover by the Yugoslav army, seeking to quell violence surrounding the impasse over the transfer of power within Yugoslavia's federal presidency. That impasse still exists, but in an apparently calmer atmosphere.

The two EC leaders will see members of the federal presidency, as well as prime minister Ante Markovic and leaders of the country's six republics. The Belgrade government

Brussels urges EC strategic oil reserves

By Andrew Hill in Brussels

THE European Community should consider building up strategic oil stocks to help ensure price stability and security of supply at times of crisis, Mr Antonio Cardoso e Cunha, the EC energy commissioner, said yesterday.

Such stocks should be "similar in size to the strategic petroleum reserve in the US", which stood at 580m barrels at the beginning of this year, and was drawn on during the Gulf crisis.

"The management of these strategic oil stocks shall be coordinated at Community level and decisions whether to draw from them or add to them taken in close co-ordination with the leading industrialised countries," said Mr Cardoso e Cunha.

The commissioner's comments, in a speech to the Brussels-based Centre for European Policy Studies, are likely to increase the controversy about the Commission's attempts to widen its control over EC energy policy during a crisis.

Some member states are already worried about directives proposed last October

which would give the Commission the right to instruct member states to sell stocks and cut demand as part of a short-term response to an oil crisis.

Mr Cardoso e Cunha said yesterday that the Community needed "a quicker and more efficient system" of responding to a crisis, consistent with the existing mechanisms of the International Energy Agency. But he added: "We must all be careful to avoid any intention of creating an over-centralised, bureaucratic system."

The Community should also pursue plans to develop new oil fields, he said, particularly in the Soviet Union. Mr Cardoso e Cunha visited the Soviet Union earlier this month to discuss the European Energy Charter, aimed at helping the country tap its energy resources.

He said yesterday he agreed with the Soviet authorities' desire to consult the country's individual republics about the EC initiative. "It is essential, in my view, that the republics should be actively involved in the charter," he said.

Bonn says Polish pact to go ahead

GERMANY said yesterday that a treaty to improve trade relations with Poland would be signed on June 17 as planned despite objections by German right-wingers, Reuters reports from Bonn.

The government spokesman, Mr Dieter Vogel, said this had been agreed by the three parties in Chancellor Helmut Kohl's centre-right coalition, including the right-wing Christian Social Union (CSU).

The Bavarian CSU, small sister party to Mr Kohl's Christian Democrats, had demanded that the treaty be renegotiated to include extra rights for the German minority in Poland.

Their specific demands - including the right to education in German and for bilingual street signs in areas where ethnic Germans live - now look likely to be staved in a special resolution which, Mr Vogel said, the coalition parties would put to parliament when it voted on the treaty.

Unemployment blow for Denmark

An unexpected rise in unemployment has knocked the Danish budget off course, writes Hilary Barnes in Copenhagen. The Finance Ministry now expects the deficit to rise this year to DKr35.6bn (\$3.14bn), or about 4.2 per cent of gross domestic product, compared with DKr23.2bn in 1990. In January the ministry predicted a deficit for 1991 of DKr23.4bn.

Unemployment, forecast in January to average 270,000, or about 9 per cent, is now expected to be about 285,000, or 10 per cent. Both government and private economists expect a recovery in domestic demand in 1992.

Greece to extradite Palestinian to Italy

A Greek court yesterday approved the extradition of Palestinian guerrilla Abu-Badr al-Khawlani, wanted in Italy over the hijacking of the cruise ship Achille Lauro in 1986, Reuters reports from Athens.

underlined its eager expectation that EC mediation might somehow help settle Yugoslavia's political deadlock by sending its foreign minister, Mr Budimir Loncar, on a lightning visit to Brussels on Monday to prepare the EC visit.

This expectation is not shared by Mr Delors, but he and the Luxembourg presidency have come under pressure to offer their "good offices" from several EC governments, not least the UK, which has suggested eventually taking the Yugoslav problem before the Conference on Security and Co-operation in Europe (CSCE).

Brussels' leverage consists of insisting that, while Yugoslavia will continue to get EC aid - comprised mainly of a new Ecu807m (\$865m) loan package over the next five years - it cannot hope to join other east European countries in reaching a free trade agreement, envisaging eventual EC membership, unless it ends its regional quarrels and holds country-wide elections.

EUROPEAN NEWS

Washing night blues as dams run dry

Kerin Hope on how Cypriots are coping with the most severe drought in 20 years

LIGHTS burn late in Nicosia these days as Greek Cypriot housewives start up the washing machine in the early morning hours. The worst drought in half a century means that mains water is strictly rationed. In most districts it flows only three times a week, invariably at night.

"One night I do the laundry, the next I clean the floors and the third I water the garden. You get used to going to bed at 4 am," says Mrs Stella Ioannou.

"But the pressure is so low we can't always fill the tank on the roof for the other days." Water shortages are by no means unusual on Cyprus, which relies for its supplies on melting snow from the Troodos mountains and winter rains in low-lying areas. Boreholes are used sparingly to protect ground water levels.

The last severe drought was 20 years ago, but its effects were less devastating because demand was much lower then. In the Greek Cypriot south of the divided island, increased irrigation of farmland together with a population shift from villages to towns, where people quickly grow accustomed to

hosing down cars and balconies and acquire water-hungry household appliances, is held responsible for a steady rise in consumption. The prolonged tourist boom, which can double the island's population in the hottest months, is also blamed, both for using up reserves and encouraging Cypriots to adopt "wasteful north European habits like taking two showers a day," as a shopkeeper in the Ayia Napa resort put it.

Despite domestic rationing, cuts on irrigation of summer crops and extensive drilling of new boreholes, southern Cyprus will run out of water at the end of December, according to the Water Development Department.

Even though we do our best to catch every drop of precipitation, the reservoirs will run dry by the start of 1992. But I don't see it as a disaster. It's more of a challenge," says Mr Constantine Lytras, head of the department.

After a fairly dry winter in 1989, rainfall last winter fell 50 per cent below normal levels, but most moisture disappeared through evaporation and virtually no water reached the reservoirs. Less than 24m cubic metres of water is left in the island's five main reservoirs, down from 118m two years ago.

The short-term solution is to import water by tanker from the southern Greek island of Crete, Mr Lytras says. Supplies can be guaranteed from a pipeline that carries water from beneath the White Mountains to towns in western Crete.

The irony is that Cyprus has an enviable record of water husbandry, as a result of several ambitious irrigation and dam-building projects launched more than 20 years ago under the auspices of the UN Food and Agriculture Organisation.

European Diary



Cyprus

The Greek government has agreed to provide at least half the overall Cypriot daily requirement of 65,000 cubic metres from September onwards. The Crete-San pipeline has an outlet close to Soua Bay, the region's main port, and there is no shortage of Greek-owned tankers available for charter.

"The bigger the ship, the cheaper the cost for the 30-hour voyage from Crete. But a large tanker is too big to dock at a Cypriot port," Mr Lytras says.

The department is planning to install a seabed pipeline from an offshore mooring facility to a pumping station close to Limassol port.

At the same time, construction of a desalination plant for the south of the island, postponed for years because of the high costs involved, will have to be speeded up, Mr Lytras says.

The drought is also causing problems in the Turkish Cypriot north of the island, where natural springs in the Kyrenia mountain range have dried up because of extensive borehole drilling.

Mr Hanf Demktash, the Turkish Cypriot leader, wants to revive an old idea of laying a seabed pipeline to bring water from southern Turkey, only 40 miles away.

However, Greek Cypriot officials say that the plan is unworkable because the channel between Cyprus and

Turkey is too deep. The irony is that Cyprus has an enviable record of water husbandry, as a result of ambitious irrigation and dam-building projects launched more than 20 years ago under the auspices of the UN Food and Agriculture Organisation.

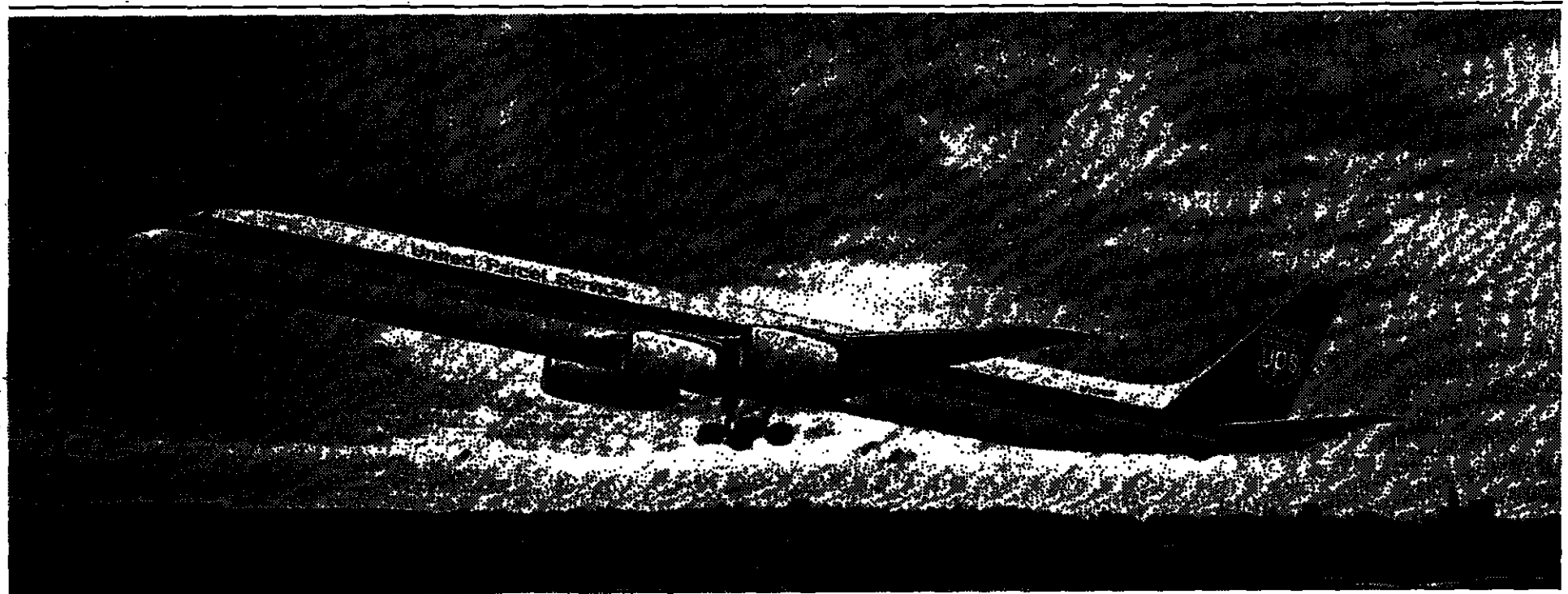
An irrigation project for Paphos in the southwest covers 5,000 hectares of farmland in a fertile coastal plain. A similar project for the Limassol area provides irrigation for another 1,500 hectares as well as supplying hotels and local industry.

The Kouris dam and reservoir, the largest on the island with a capacity of 115m cubic metres, was completed two years ago. It was intended to meet Nicosia's domestic water for almost two decades. But rainfall started to decline before it had filled up.

Statistical evidence suggests that Cyprus may face a third dry winter, quite apart from the effects of possible long-term climatic changes, according to Mr Loizou Hadjiannou of the Meteorological Office.

"We talk about the greenhouse effect contributing to a drifting of climatic zones, with disturbances of precipitation in different areas. But nothing is definite yet," he says. Historically, Cyprus has always been subject to drought.

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INTERNATIONAL NEWS

HK's price of success is high

John Elliott looks behind the inflation choking the colony's economy

FOR ONCE Hong Kong is plagued by a problem which stems primarily from its outstanding economic success - unlike most of its current crises which are associated with its return to Chinese sovereignty in 1997.

But the problem - an inflation rate of nearly 14 per cent - is still linked with China and many experts believe it is unsolvable in the short term - at least partly because of these links.

Since the mid-1980s, Hong Kong's manufacturing industry has moved into the low-wage areas of Guangdong province in southern China to employ 2m-3m people.

This has left the colony to develop as a service industry centre for Guangdong. The consequential structural adjustment has been painless in industrial and social terms, but it has pushed wages and prices up rapidly in Hong Kong because there have been sharply increasing demands for services from a limited total labour force of only 2.7m.

This, most economists believe, is the basic cause of the high inflation. "Inflation in Hong Kong is largely domestically generated by the rapid structural changes," says Mr Alan McLean, chief economist of the Hongkong Bank. "It primarily affects internal pricing and has not had much impact on export prices which have been going up at only about 2 to 3 per cent a year because they are cushioned by Guangdong's low manufacturing costs."

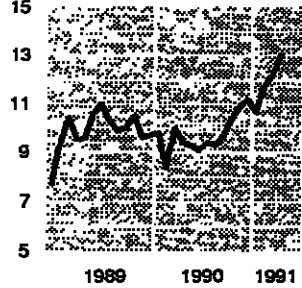
Economists suggest that this trend means that Hong Kong will have to tolerate core inflation of 8 to 11 per cent while the structural changes continue and while Hong Kong's services continue to be stretched by the demands of southern China.

That would probably be politically acceptable. But Sir Piers Jacobs, financial secretary, pushed the level up too far in his Budget in March, which fuelled inflation by boosting indirect taxes. His biggest, and totally unexpected measure was a 200 per cent increase in tobacco tax, introduced "for health reasons", which is estimated to have contributed 2 percentage points to an annual inflation rate of 13.9 per cent last month.

Sir Piers was forced to halve the 200 per cent tax increase

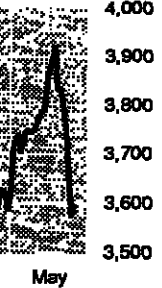
Hong Kong

Inflation (annual % increase)



Source: Deloitte

Hang Seng Index



Source: Deloitte

two weeks ago and then last Friday. It launched a series of counter-inflationary measures with an unexpected and controversial 1 per cent rise in interest rates. This was intended to apply a psychological restraining shock to a spiralling housing market and to high wage demands.

Today Sir Piers will unveil further measures at a hostile meeting of the Legislative Council which is flexing its muscles before its first direct elections in September. The government knows that the consensus system, which has controlled the council's meetings in the past, is ending - and it is tending to over-react.

The government also wants to boost confidence at a time when the colony is being hit by uncertainty over its HK\$100bn (£7.4bn) airport project, which is blocked by China, and over

the future of China's most-favoured-nation trading status with the US.

The sensitivity to bad news was shown when the local stock market plummeted by 3.5 per cent on Monday in reaction to the interest rate rise. This brought the total fall over five trading days to 8.7 per cent, with the local Hang Seng Index dropping from 3,917.09 to 3,575.52, initially because of airport and MFN worries. Yesterday it improved marginally to 3,594.78 after President George Bush backed MFN without conditions.

Sir Piers can however only make limited progress in economic terms because the Hong Kong dollar has been pegged to the US dollar at a rate of 7.5 to one since 1983 to stabilise the currency.

"The problem of the inflation is basically structural, not monetary, because the peg ties the price of tradable goods to US levels. But it does not tie down consumer prices and domestic inflation at a time when people are moving in a tight labour market into higher value-added service activities and when living standards are rising rapidly," says Mr John Greenwood, chairman of G.T. Management Asia, and the original proponent of the dollar peg system.

The peg is frequently attacked as inflationary when it forces Hong Kong to follow US prices upwards. Now it will be criticised for hindering the government's ability to tackle the present inflation problems.



The airline's founder, Mr Niki Landa, talking to reporters prior to touring the site where the Boeing 767 came down

Bomb theory persists in Thai crash

THAI officials yesterday refused to discount speculation that a bomb may have caused the loss of a Landa Air Boeing 767 over Thailand on Sunday night, reports Paul Abrahams.

However, Mr Niki Landa, the airline's founder, refused to comment about the possibility of a bomb, although he admitted that the largest pieces found at the site of the crash were smaller than those discovered at Lockerbie, the Scottish town over which a bomb destroyed a Pan Am 747 in 1988. Mr Landa discounted a suggestion by the Thai authorities that bad weather could have contributed to the crash. "There was no storm," he explained. "Rain, yes. But rain doesn't cause an aircraft to crash." He added that the aircraft had reported no abnormalities before the accident.

Mr David Learmount, the air transport editor at Flight International, said yesterday that sabotage was looking increasingly likely as a cause for the accident. "It fits the bill in all respects," he said. He pointed out that the crew had not had

time to issue a mayday warning and that the aircraft had broken up when cruising at 31,000 ft. According to Boeing, the aircraft's manufacturer, only 5.3 per cent of accidents involving commercial jets - but excluding sabotage - occur when the aircraft is cruising.

"The disaster will have a direct effect on passenger demand on Far East airlines," said Mr Learmount. Pan Am estimates it lost \$250m after Lockerbie. Mr Landa owns 51 per cent of Landa Air and 49 per cent is owned by Rias Austria.

which has been increasing its influence in parliament. Mr Rao had initially been reluctant to take the post because his health has been poor as a result of a recent open-heart surgery. Leaders of the party are insisting that the post of president should in future be separated from that of prime minister to prevent the concentration of power that occurred under the Gandhi family.

In advance of today's choice of a Congress president, the party has established the battle lines of its campaign. These will focus on capitalising on the sympathy vote and on blaming the Hindu revivalist BJP for "destabilising" the country by encouraging religious fanaticism and violence.

Pakistan's GDP set to expand by 5.6%

By Farhan Bokhari in Islamabad

PAKISTAN'S gross domestic product is projected to grow by a better than expected 5.6 per cent in the current fiscal year to June, up from 4.6 per cent the previous year.

In a 400-page annual economic survey published yesterday ahead of tomorrow's budget, the government said the main reason was an increase in agricultural production of 5.1 per cent, up from 2.7 per cent a year earlier. Higher crop yields in wheat and cotton played an important part.

The government said exports grew 22 per cent while imports rose 10 per cent. But the balance of payments was hit by higher oil prices and lost remittances from overseas Middle Eastern workers due to the Gulf crisis. The crisis is

believed to have cost Pakistan's economy around \$700m. The current account deficit for the year is expected to stand at \$1.85bn against an earlier estimate of \$1.33bn.

Measures to cut government expenditure and raise new revenues are expected to be announced in tomorrow's budget.

Other measures expected are an overhaul of the country's taxation system and a possible announcement on privatisation.

Pakistan has approved the setting up of the country's first private sector airline. The carrier, which will operate primarily on domestic routes, is being established by the Aga Khan Fund for Economic Development.

Rao expected to be Congress president

By David Housego in New Delhi

THE ASHES of Rajiv Gandhi were yesterday scattered on the waters of the Ganges and Yamuna rivers at Allahabad in a family ceremony that marked the end of the funeral services for the late Congress party leader.

Senior congress officials watched from a motor boat at the juncture of the two rivers - a site sacred to Hindus - before returning to Delhi and the resumption of the election campaign.

Barring last minute accidents, Mr P V Narasimha Rao, 70, a former cabinet minister under several administrations and widely regarded as second in command of the party under Mr Gandhi, will be elected today as Congress president. Mr Rao is from the south

N Korea forced to join the real world

By John Ridding in Seoul

THE announcement by North Korea that it will submit an application to join the United Nations is the clearest signal to date that the ending of the cold war and increasing diplomatic isolation are dragging the world's most closed society into the real world.

The implications are all positive. Membership of the UN for the two Koreas will help ease tensions on the heavily militarised Korean peninsula, improve the prospects for eventual reunification and reduce the threat of terrorist incidents such as the downing of a South Korean airliner in 1987. But Pyongyang's move was not a voluntary step. North Korea has ardently opposed Seoul's formula of separate UN membership and yesterday's about-face undermines its reunification policy of "One Korea".

Its reluctance to shift its position is clear from the wording of the terse foreign ministry statement. "As the South Korean authorities insist on their unilateral UN membership, important issues related to the interests of the entire Korean nation would be dealt

with in a biased manner at the UN forum. We can never let it go that way."

But the real reason for the change lies in the breakdown of cold war alliances and the diplomatic isolation of Pyongyang. In particular China, its staunchest ally but which is improving relations with Seoul and trying to repair its own international image, indicated to Pyongyang that it is no longer prepared to veto Seoul's application to join the UN.

The reversal of North Korea's policy is unlikely to herald any imminent break-

through in inter-Korean relations. In particular, Pyongyang, which has suspended direct high-level contacts with Seoul, will be angered that it had to make such a concession.

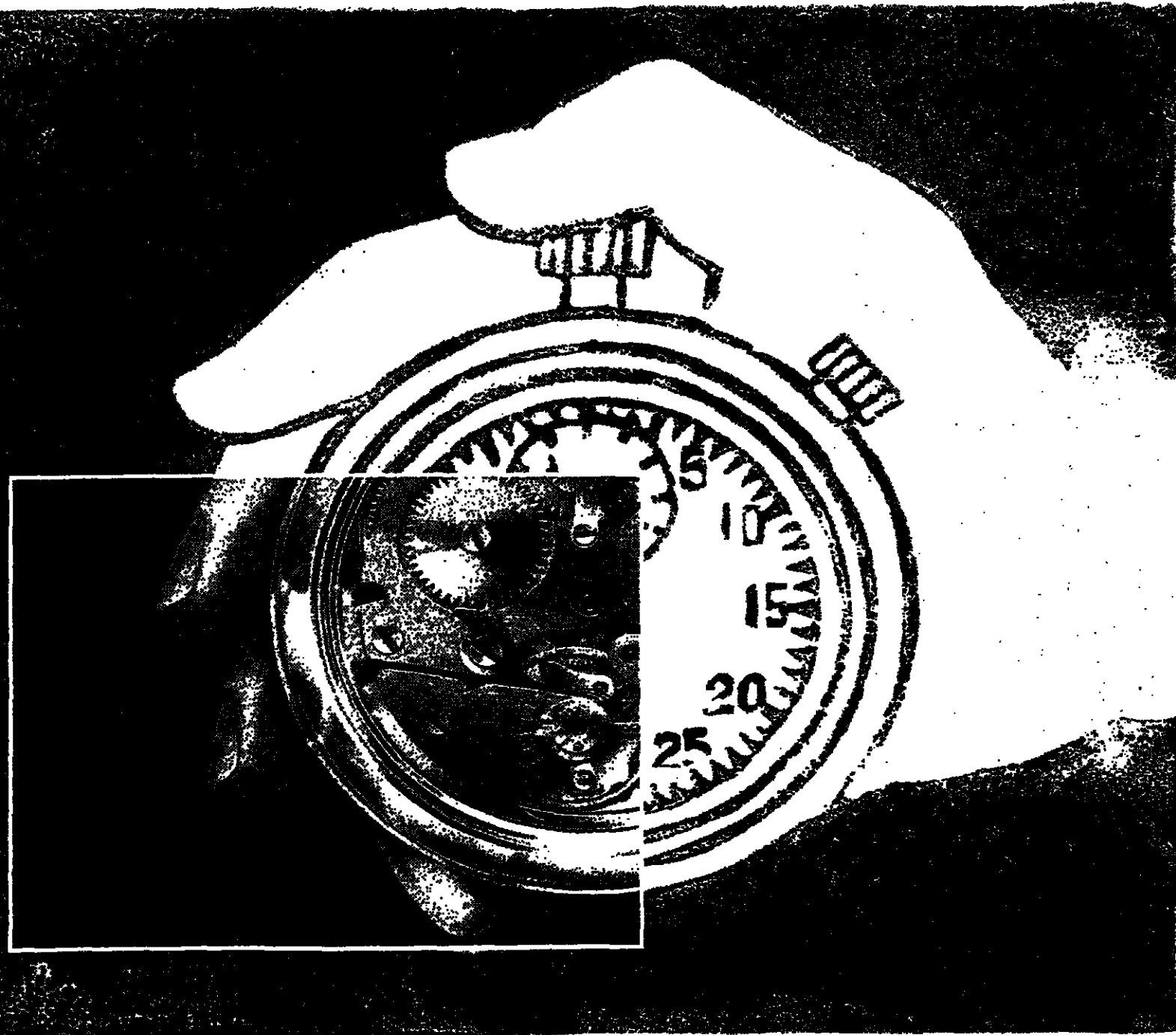
"This is a form of opening up which does not cost them anything in internal terms," said one western diplomat. "It doesn't open their borders and it doesn't alter the totalitarian political system. The change in Pyongyang's line also reflects mounting pressures on President Kim Il Sung's regime due to diplomatic isolation and a stagnating economy."

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HEWLETT PACKARD

THE POSSIBILITY MADE REALITY.

Ethiopian rebels with a cause lack coherent programme

By Julian Ozanne, Africa Correspondent

THE Ethiopian People's Revolutionary Democratic Front (EPRDF), whose fighters yesterday swept into the embattled Ethiopian capital, Addis Ababa, is a shadowy rebel coalition moulded by years of guerrilla fighting away from the influence of the outside world.

Until recently little was known about the organisation or its leader, Mr Meles Zenawi, 36, a former medical student who was educated at the British School in Addis Ababa. Now Mr Zenawi and his colleagues are about to take power and form a government after 17 years fighting in the cold and inaccessible Ethiopian highlands.

It is a formidable task for a movement whose leader recently admitted candidly: "The military momentum is way ahead of the political momentum."

So far, however, the rebels appeared to have conducted themselves with discipline and restraint in the areas they have "liberated". There have been no reports of a breakdown in law and order, nor of revenge killings which many feared. People who have travelled with the EPRDF fighters say they are dedicated and self-denying.

The EPRDF coalition, formed in 1989, is dominated by the Tigray People's Liberation Front (TPLF), which in turn is the military force of the Marxist-Leninist League of Tigray (MLLT). Mr Zenawi is general

secretary of the three bodies. The TPLF, which grew out of a popular front in Tigray province in 1975, at first demanded autonomy or independence for its region, adopted Marxism-Leninism as its ideology and Stalinism as its mode of centralised organisation.

Until recently it professed a right vision of socialism modelled on the Albanian style.

This, however, did not win it support from the former east bloc which, during the cold war, continued to shore up the regime of President Mengistu Haile Mariam. The TPLF taught itself self-reliance, capturing Soviet weapons and tanks from government forces, and learning to manufacture basic commodities and cater for the young and sick in underground or camouflaged schools and hospitals.

Two years ago the TPLF set about broadening its ethnic base beyond Tigray and set up the EPRDF which brought other ethnic groups including Oromos and Amharas into the organisation. The process of political revision of its stance continued with its first national congress last January. The political programme which emerged from that meeting appeared to jettison some of the most rigid tenets of Marxism-Leninism in favour of a broad commitment to basic democratic rights and a pluralist political system.

"The EPRDF stresses the need for the full, all-round democratic participation of the



A rebel jumping from a tank in Addis Ababa, near the presidential palace, which was set alight during the fighting

people in matters of state and policy," the revised programme stated.

However, in building a "revolutionary democratic political

system based on... a multiplicity of political parties and organisations" the EPRDF also announced that "the rights of the remnants of the anti-democratic feudal class and the fascist Derg need to be curtailed".

The revised programme also calls for a "revolutionary democratic economy" which will be

based on state ownership of sectors which play a decisive role in the economy, worker participation in running public enterprises, state control of

trade and continued nationalisation of land.

The EPRDF is also committed to the right of self-determination for the country's disparate nationalities. Whether these policies will form the basis of Mr Zenawi's leadership remains questionable. Moving from opposition to government and from theory to practice is always difficult, but especially so in a country as battered as Ethiopia. The US, however, which has given the EPRDF its seal of approval, will want to ensure that Ethiopia proceeds along a democratic path.

Mr Herman Cohen, US assistant secretary of state for Africa, felt it necessary yesterday to warn both the EPRDF and the Eritrean People's Liberation Front (EPLF), who are now in control of Eritrea, that the US would not approve of Marxism-Leninism.

"We believe that Marxism does not dominate either organisation as an ideology but we have given both of them notice that US co-operation depends on a democratic system," he said in London.

US officials who have been negotiating with Mr Zenawi describe him as impressive, realistic and honourable. Whether these qualities filter down through the rest of his organisation remains in doubt. But they are the qualities which will be essential if Mr Zenawi is going to win broad support for his government and embark on reconciliation and reconstruction.

Syria and PLO edge closer to new links

By Tony Walker in Cairo

SYRIA and the Palestine Liberation Organisation mainstream yesterday edged towards closer co-ordination, after two days of talks in Damascus. But there was no sign that Mr Yasser Arafat, the PLO leader, would yet be welcome in the Syrian capital.

Reconciliation between the PLO and Syria after a long estrangement took a step forward when President Hafez al-Assad received Mr Farouk Kaddoumi, head of the PLO's political department or "foreign ministry".

Mr Kaddoumi, a former Ba'athist, has tended to be much closer to the Ba'ath Party leadership in Damascus than his PLO colleagues. He last visited the Syrian capital in 1989 for the funeral of the late Khalil al-Ward, the assassinated PLO military commander.

PLO and Syrian officials focused on finding common ground on Middle East peace efforts. Both Syria and the PLO are concerned the US may seek to push ahead without involving them.

The PLO supports Syria's demand that the UN play a "significant" role in any proposed regional conference. It is also calling for EC involvement in peace efforts.

Israel has rejected UN participation and has expressed lack of enthusiasm for European involvement. The Israelis have said they will never deal with the PLO which they brand a "terrorist gang".

The question of Palestinian representation at any proposed conference is certain to have figured prominently in Mr Kaddoumi's discussions in Damascus. The US has floated the idea of a joint Jordanian-Palestinian delegation to overcome the Israeli veto on the PLO. Syria, at various times, has suggested an Arab delegation representing all Arab interests. This has not been received with much enthusiasm in the region. Mr Assad has pursued a long feud against Mr Arafat. In 1983, Syria backed a failed mutiny against Mr Arafat's control of the PLO. Reconciliation attempts have failed.

Independence within reach at last for rebellious Eritrea

By Stephanie Gray

AFTER three decades of rebellion against the Addis Ababa government, Ethiopia's northern province of Eritrea has independence within reach.

Instead of being a contentious issue at yesterday's peace talks in London, participants - in advance of their arrival - had agreed to the demand by the Eritrean People's Liberation Front (EPLF) for a referendum in which the province's electorate will be able to choose independence as one of their options.

Historically, both Britain and the US have opposed independence for Eritrea. But two developments spurred Washington's shift to tacit acceptance of the right of self-determination for Eritrea.

The recent capture of Asmara, the provincial capital, and the Red Sea port of Massawa left the EPLF as the de facto government of Eritrea. A speedy agreement in London was thought essential if the situation in Addis Ababa was not to degenerate into the sort of carnage witnessed in the Somali capital Mogadishu earlier this year, and Liberia last year.

In return, the EPLF - which advocates multi-party democracy and a mixed economy - is willing to delay a referendum until after a transitional government is in place, perhaps for 18 months. Says Mr Issayas Afewerki, secretary general of the Front: "If a postponement is found to be necessary and acceptable the EPLF shall do that without hesitation."

Any new government in Addis Ababa must hope the introduction of democracy will convince Eritreans unity is the best way forward. Addis Ababa is likely at least to be uneasy at the prospect of losing control of the Red Sea ports, Ethiopia's only direct route to the sea - notwithstanding an EPLF promise not to impede access.

The Front argues its right to independence follows the same principles which guided other nations in post-colonial Africa. A UN resolution of 1989 federating Eritrea with Ethiopia, say EPLF officials, implicitly recognised Eritrea's separate identity and territorial integrity when it recommended Eritrea should become an autonomous unit "with its own

legislative, executive and judicial powers in domestic affairs."

Modern Eritrea began with Italian colonisation in 1896. The Eritreans helped the British defeat them during the Second World war. It was controlled by a British military administration between 1941 and 1949, and administered by the UK Foreign Office until 1962.

The four victorious post-war powers failed to agree on the province's future, and established a UN commission in 1950 to consider the "wishes and welfare for Eritrea and Ethiopia's legitimate need for access to the sea".

The commission's findings advocating federation with Ethiopia, were controversial, with critics charging

public opinion had been misrepresented or unfairly influenced.

Shortly after the federation agreement, Ethiopia began to violate and undermine it, says the EPLF. Political parties and trade unions were banned and Ethiopia expropriated the Eritrean share of customs and excise duty. Some industries were closed and moved to Addis Ababa.

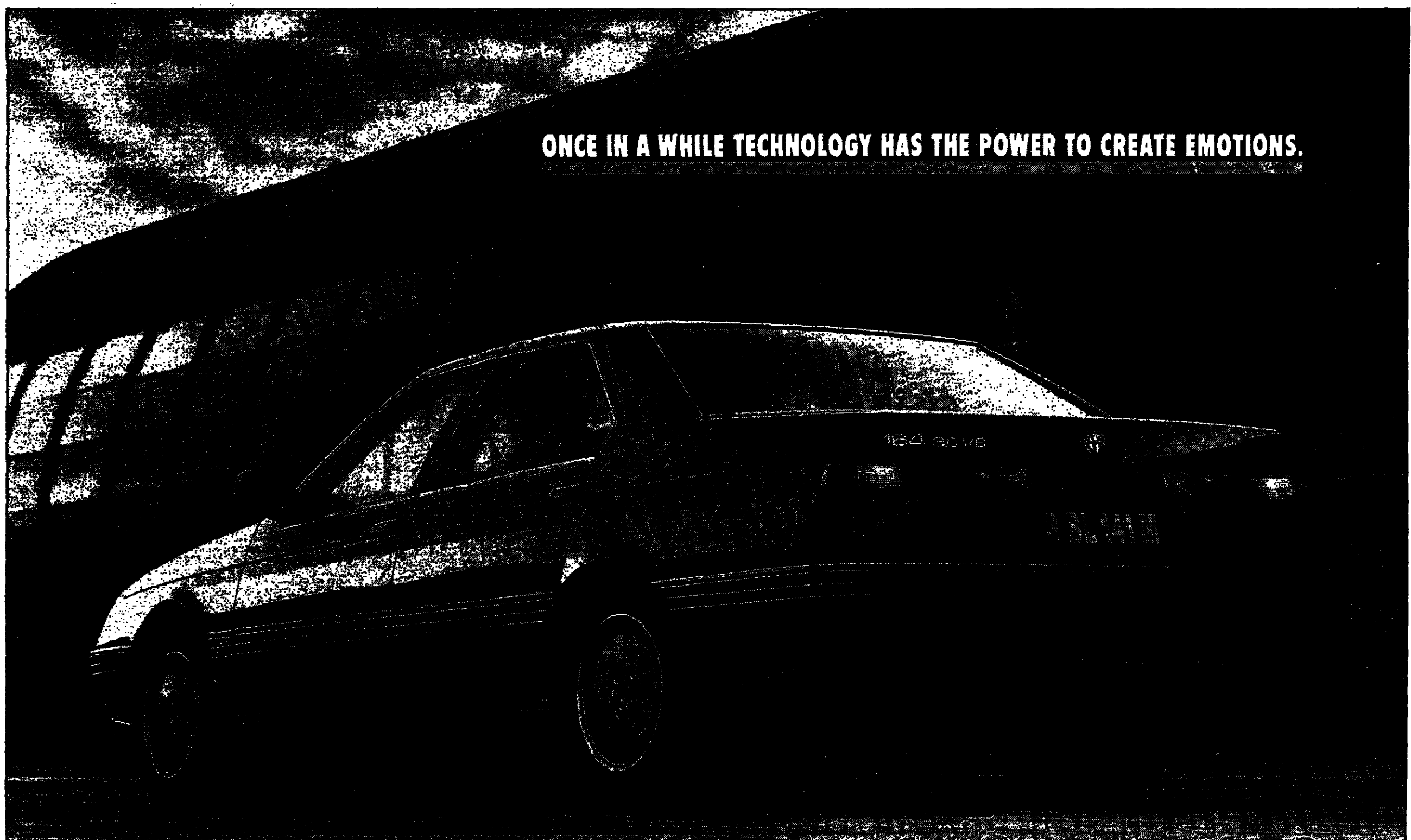
In 1955 Tigrinya and Arabic, the official languages under the new constitution, were banned and Amharic imposed. Full annexation came in 1962 after elections for the third Eritrean parliament the previous year had been fixed by Addis.

They were held under strict Ethiopian control and without the independent electoral commission stipu-

lated by the Eritrean constitution. Parliament finally accepted the dissolution of the federal arrangement and annexation of Eritrea amid reports of bribery, arrests and intimidation of MPs.

Successive governments in Addis Ababa have maintained that Eritrea has been part of the kingdom for 3,000 years. Precedents have been cited which date back to the Queen of Sheba, whose liaison with King Solomon allegedly founded the dynasty of the Lion of Judah in Ethiopia. Its modern representative was Haile Selassie, overthrown in 1974.

The argument now seems to have been settled on the battlefield rather than the court of history.



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per cylinder engines, and the exceptional virtues of four-wheel drive. Equally, it shows itself in the performance of the versatile and compact Alfa 33, the ultra-powerful 75, the sporty Spider and, of course, the prestigious 164. Add the superior comfort

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WORLD TRADE NEWS

Fair view across border from Monterrey

Mexico's industrial groups are optimistic on free trade with US, writes Damian Fraser

MEXICO'S leading industrial companies have survived a turbulent decade. Ten years ago they were so large they faced financial collapse. Five years ago they were squeezed by prolonged domestic recession, price controls, soaring inflation and the dismantling of Mexico's trade barriers. Now, having barely recovered, they face a new challenge: free trade with the US.

Those with the most to lose - and gain - from a US-Mexican free trade agreement (FTA) are a handful of industrial conglomerates in the northern city of Monterrey, the business capital of Mexico. Together the 10 biggest Monterrey groups achieved sales last year of \$10bn (5 per cent of Mexico's gross national product), profits of more than \$600m, and they employed more than 180,000 people.

The five biggest - Alfa, Visa, Vitro and Cydsa - owned by various branches of the Garza Sada family, and Cemex, owned by the Zambrano family, dominate Mexico's steel, cement, petrochemicals, consumer goods, packaging and glass industries.

These groups have always earned, and continue to earn, above-average returns by exploiting their enormous market power, aided by Mexico's lax anti-monopoly laws, and,

until the 1980s, their easy access to foreign capital. But a free trade agreement will force these companies to compete with their most efficient counterparts in the US, leading, some fear, to a substantial reduction in their profit margins.

That at least is the gloomy view. But almost no-one in Monterrey subscribes to it. The five big conglomerates are all strong supporters of the FTA.

Mr Ernesto Martinez, head of Vitro, now Mexico's largest industrial group, reckons that "free trade with the US will make a significant change to our business - for the good". Cydsa, which as a producer of petrochemicals looks one of the most vulnerable to competition, says that even if there was an FTA tomorrow his company could easily cope. Visa, Mexico's largest consumer goods producer, Alfa, and Cemex all expect to gain from an FTA.

Mexico's heaviest concentration of private business is so confident in part because it reckons it has already adjusted to Mexico's relatively open-door trade policy, initiated after the country joined the General Agreement on Tariffs and Trade in 1985.

In the past five years the conglomerates have narrowed the focus of their business to no more than a handful of core

holdings. They have successfully restructured their finances and all are embarking on ambitious new investment programmes - the top 10 conglomerates intend to invest \$1.3bn in 1991, a substantial part of which is being financed, for the first time in a decade, in the international capital markets.

Nowhere is the mood of optimism better captured than in Cemex and Vitro, the two most successful of the Monterrey-

The five big conglomerates expect to benefit from free access to the US market

based companies. Both are gearing up to an FTA by targeting the US market as a source of new investments and modernising of existing plants, and are sticking to their core holdings, cement and containers respectively.

Both are expected to increase exports to the US when and if there is an FTA. Thus, for example, a recent US International Trade Commission report argued that thanks to their lower costs and the current stiff US non-tariff bar-

riers against exports, Mexican cement producers in Mexico would be one of the big winners from an FTA. (Cemex is now appealing against the successful anti-dumping suit brought against it last August, which caused its exports to fall by a third last year.)

Similarly Vitro faces an assortment of tariffs on its US-bound exports, including 37 per cent tariff on tableware exports, and the threat of losing preferential (duty-free) status if penetration of some markets exceeds pre-set limits.

Mr Martinez says: "If an FTA does go through we can dedicate our time to marketing, selling and distributing, whereas today we give time to legal encounters".

Like Cemex, the company's plans to expand in the US are boosted by its virtual monopoly of its domestic market and the resulting cash flow.

The optimism in Monterrey is not simply, or even largely, grounded in the FTA. All five conglomerates stand to lose or gain much more from changes in Mexico's internal domestic demand than from greater access to or competition from the US market.

And Mexico's economy, if not booming, is picking up. Last year GNP grew by 3.9 per cent, the fastest growth since 1981, this year it may beat that. As a result even the volume of

sales at Alfa and Cydsa, the two shakiest conglomerates, grew by 8 per cent last year compared with 1989, and at Cemex by 9 per cent.

Profits have increased more slowly than sales, and, in real terms, actually fell in the first quarter of this year at Cydsa.

Alfa and Vitro compared with the first quarter of 1990, thanks mainly to government price controls, and the real appreciation of the peso.

But already some price controls - on beer, soft drinks and cement in particular - have been lifted, as a result first-quarter profits at Cemex were up 213 per cent in real terms compared with the first quarter of 1990, and at Visa by 79 per cent. Most people in Monterrey expect remaining price controls to be lifted when and if an FTA is signed.

But the biggest reason an FTA would not substantially harm the Mexican conglomerates is that it would remain difficult for foreigners to make substantial inroads in their domestic markets. By investing heavily in their core sectors, maintaining control of the country's distribution channels, and moving downstream in production, the Monterrey groups have ensured that they will be able to take advantage of market power and, occasionally, superior productivity, for some time to come.

Canada calls on US to cut steel exports

HARD-PRESSED Canadian steelmakers are asking their US rivals and Ottawa for relief from a surge in imports, especially from south of the border, Bernard Simon writes from Toronto.

Mr Paul Phoenix, chief executive of Dofasco, Canada's biggest steelmaker, claimed foreign suppliers took a 30 per cent share of the domestic market in January, with imports from the US making up 20 per cent of the total. US imports traditionally account for about 6 per cent of the market.

The Canadian industry is seeking an informal restraint pact with US producers. It has asked the Canadian government to speed talks on new bilateral anti-dumping and subsidy rules under the 1989 US-Canada free trade agreement.

Canada has been hurt by the strong Canadian dollar, currently trading at about 87 US cents. Mr Phoenix said many US mills are fighting for market share on both sides of the border.

Statistics Canada figures show domestic steel output fell to 249,900 tonnes in the week to May 18, 4.1 per cent lower than the previous week and 14.8 per cent down on a year ago. Output for the year to date is 7.5 per cent below 1990.

Land Rover plan to set up in Brazil strikes patents snag

By Christine Lamb in Rio de Janeiro

PLANS by Land Rover, the UK maker of four-wheel-drive leisure vehicles, to set up a "sizeable" operation in Brazil are in jeopardy because a Rio businessman claims he is the legitimate holder of the Land Rover name in Brazil.

The factory would be Land Rover's first Latin American operation. The company, which aimed to be producing up to 18,000 vehicles a year in Brazil from 1993, would be the first foreign vehicle assembler to set up there for 15 years.

Despite Brazil's need for foreign investment, which in recent years has been leaving rather than entering the country, its much criticised intellectual property legislation has brought it near losing the Land Rover deal to a site elsewhere in the continent.

Mr Elton Pereira II, a businessman, had the Land Rover and Range Rover trademarks cancelled by the Brazilian patent office (INPI) in February and applied for them himself. He registered the company, Land Rover do Brasil, in November and carries a business card declaring himself chief executive.

Mr Pereira has not yet been granted the trademark and name, but INPI says the real Land Rover would have to use a different corporate name and logo and change the vehicle names if it did set up in Brazil. Operating from a showroom in Copacabana with another in Sao Paulo, Mr Pereira claims

to have already sold 97 vehicles since March, with 145 more orders on his books.

He says he has no problem obtaining the vehicles which he buys through France and Belgium and has taken out newspaper advertisements proclaiming himself to be the only real Land Rover dealer.

Mr Pereira seems to have law partly on his side. Under current Brazilian patent rules, a company can lose the right to use its trademark if it does not use it commercially within Brazil for two years.

Land Rover has not brought vehicles into Brazil since closing its factory there in 1988. Mr Richard Morley, project director, points out: "Until last year Brazil had not allowed imports of vehicles for 30 years. The only way we could have brought them in was illegally."

He is angry at what he describes as "a farcical situation", and says that as the patent has not actually been granted to Mr Pereira, he has no right to use it.

Land Rover's first court appeal over the INPI decision failed, but Mr Morley hopes to win another appeal. He says that UK diplomats to the government which claims to be promoting liberalisation and is redrafting patent legislation.

The company is due to open a sales and marketing office in Sao Paulo next month, but has not said where the assembly plant will be based.

Japanese companies in Saudi oil link study

By Robert Thomson in Tokyo

THREE Japanese companies have agreed to conduct a feasibility study with Saudi Arabia for joint development of large oil refining facilities in the two countries, they said yesterday.

The proposal is for a refinery in Saudi Arabia with a capacity of 300,000 barrels a day and a Japanese refinery with a 150,000 b/d capacity. Mr Eiichi Nakao, Japan's minister of international trade and industry, praised the proposal, which he said could help to stabilise the supply of oil to Japan.

Officials at the three Japanese companies, Nippon Oil, Nippon Mining and Arabian Oil, suggested Caltex Petroleum of the US might also be involved, as the company has close links with Nippon Oil, which has been leading the talks with Saudi officials.

The Gulf crisis stirred fears in Japan about the security of the country's oil supplies, and prompted companies to search for investments in areas outside the Gulf, as well as strengthen their ties with Gulf countries. Japan depends on imports for 99.7 per cent of its oil needs, and about 70 per cent of those imports are from the Middle East.

Trade ministry officials said the refinery proposal would strengthen ties with the state-run Saudi oil company Aramco, and welcomed the suggestion that Caltex would have a role.

The Japanese government has urged companies to exercise restraint in bidding for Gulf reconstruction contracts and has encouraged joint ventures in the region with US companies.

Japanese trade officials said the project would probably allow Saudi Arabia to sell a share of the Japanese product to other north Asian countries, while providing Japan with a stronger domestic refining capacity.

Trusthouse Forte expands overseas

TRUSTHOUSE Forte, the UK's biggest hotel chain, is to expand its hotel and catering operations overseas in two deals announced yesterday, David Churchill writes.

THE, soon to be renamed Forte, has set up a partnership with two South American hotel companies, Hoteles and Asahoteles, to develop Travelodge hotels there.

The South American hotels will be more up-market than the UK's budget Travelodge brand. The first to be developed will be the 250-bedroom Hotel Orquidea Real in Bogota, Colombia, to cost \$1.4m. Others will be developed as opportunities arise, but the partnership hopes to develop a 40-strong chain.

THE's industrial catering operation Gardner Merchant announced a joint venture to provide contract catering services in Hong Kong. Gardner Merchant will have 51 per cent of a new company formed with Vitasoy International Holdings of Hong Kong and Japan's C. Itoh Corporation. The venture is acquiring the M.Y. Chang Catering Company in Hong Kong for its operations base.

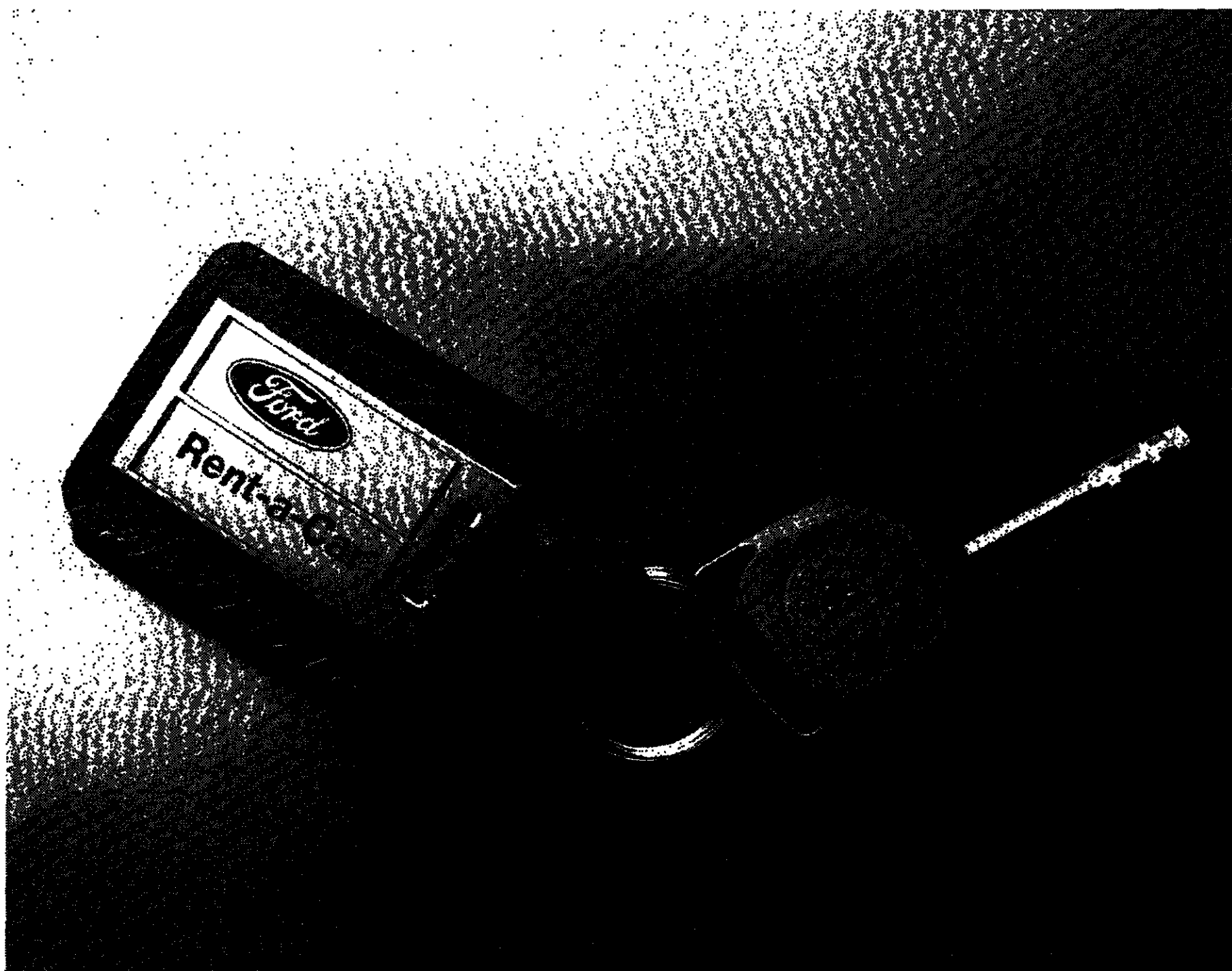
Siemens wins Dubai power plant order

A CONSORTIUM led by Siemens, the German electronics and engineering group, has won a DM1.4m (\$470m) order to build a combined power and water desalination plant for Dubai. AP-DJ reports from Frankfurt.

Siemens' KWU power plant engineering division will take a 40 per cent share of the work. The consortium also includes Duroc Balfour Beatty of Dubai and Austria, Wazinger-Biro of Austria and the Glasgow-based Wier Westgarth. The contract for the turnkey plant project was awarded by Dubai Electricity Co.

The new plant, to be built at an existing industrial complex and known as Jebel Ali "G", will be dual-powered to run on either natural gas or light fuel oil. It will produce up to 400MW of electrical energy and convert 278,000 cubic metres of seawater a day into drinking water.

Siemens said KWU will supply the four gas turbine generator sets for the plant, as well as transformers, electrical equipment, instrumentation and control systems. It will also provide site management for the two-unit plant.



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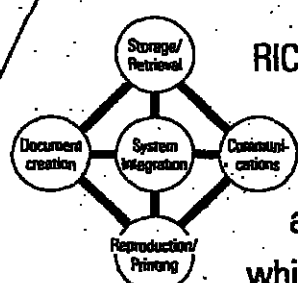
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*Source: Guinness Book of Records 1991



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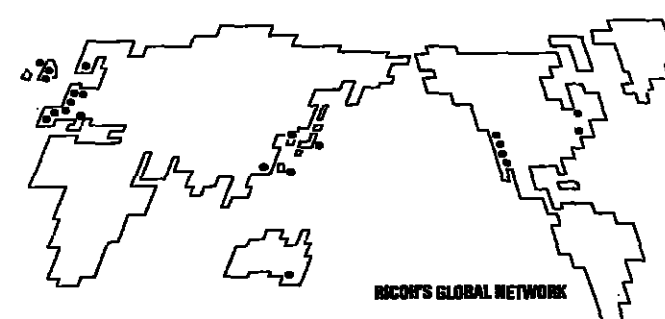
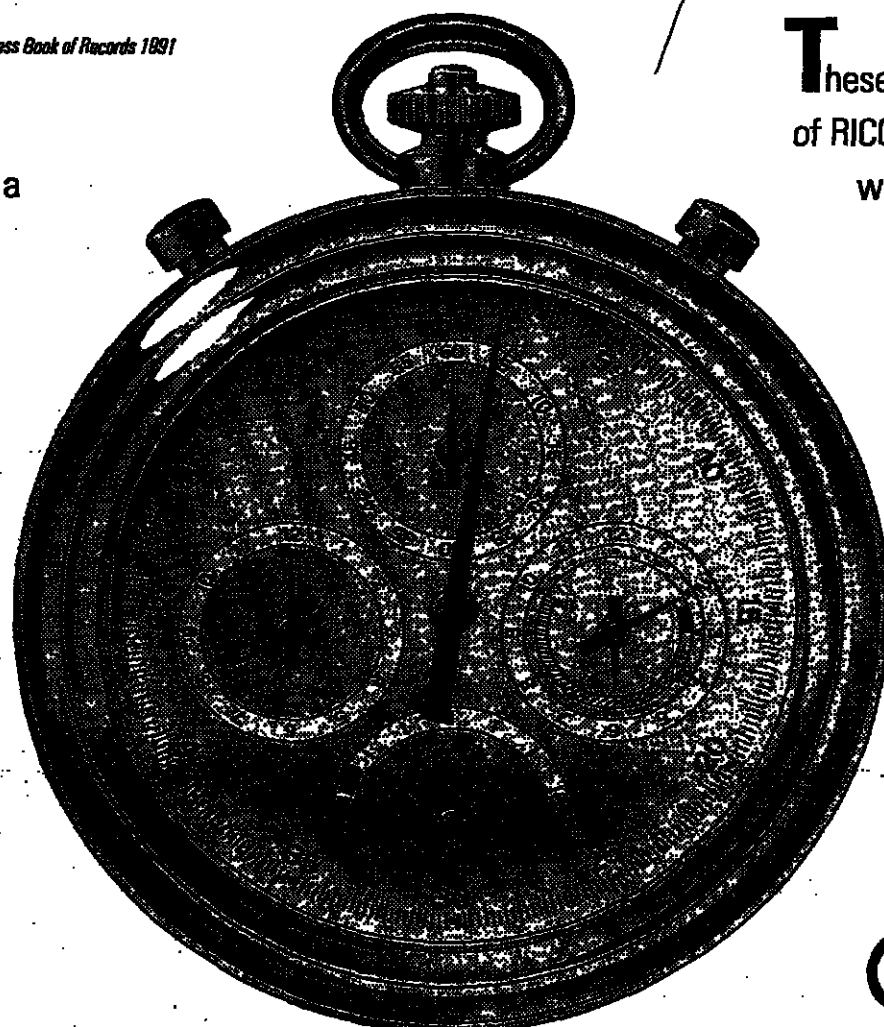
Take the FAX 7000L DIGITAL G4: it can fax an A4 page in an astounding 1.5 seconds, so you can send seven A4 size messages for the price of a single transmission on conventional models.

Nor is this all: by applying RICOH's digital technology to facsimile transmission the DIGITAL G4 is virtually free of transmission error. And its high-resolution eliminates blur.

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These versatile and advanced machines are the end-product of RICOH's sustained commitment to systematic R & D on which the company spends more than 6% (\$360 million) of its net annual sales.

RICOH operates a European Facsimile Design Centre in Germany. Among its responsibilities is the design of RICOH equipment to meet the special needs of European customers and to ensure that the products conform to the requirements of the various European Standard Authorities. This R & D effort covers a wide area, such as materials, optics, information science, production technology, artificial intelligence and satellite technology.



RICOH attaches supreme importance

to quality, reliability and service. Hence the popularity of the FT4418 copier, for example, so well known for its sturdy dependability and its cost and time saving functions. The range is further strengthened by the FT4421, and will be completed shortly with the new FT4415.

Those who are aware of the latest developments in Fax technology will not be surprised to learn that RICOH is about to complete the first global Fax network, specially set up for the 1992 Olympics, for which the company is Official Sponsor for Facsimile Systems.

It is wholly appropriate that RICOH should be sponsoring the Fax facilities at the 1992 Olympics, the greatest of all global championships, for RICOH itself is a company whose products are recognised globally for their excellence.

And RICOH's global growth will be sustained by its determination to deserve its reputation for reliability and innovation backed by first-class service, of the kind that has already given it the largest share of the Japanese market in mono and colour copiers.

RICOH

AMERICAN NEWS

US consumers still lack confidence in economy

By Michael Prowse in Washington

US CONSUMER confidence fell in May for the second successive month, throwing doubt on forecasts that the recession will shortly bottom out.

The index fell to 74.2, compared with 79.4 in April and 107.3 a year ago, the Conference Board, a New York-based business analysis group, said yesterday. The decline indicates the euphoria following victory in the Gulf war has worn off.

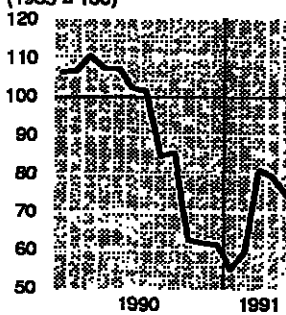
The level of confidence, while significantly higher than the low of 55.1 in January, suggests consumers remain nervous about economic conditions. Mr Fabian Lindén, a spokesman for the board, said: "People's attention is returning to the realities of a soft economy."

Most forecasters regard a revival in consumer spending - which accounts for two thirds of gross national product - as an essential prerequisite for a sustained recovery. But the confidence figures suggest buying interest is weakening.

Plans to buy a car, which rose in April, fell this month and remain well below the levels of last summer. Plans to

Conference Board

US Consumer Confidence Index (1985 = 100)



buy a home over the next six months fell for the second month running, having risen sharply in March. Plans to purchase appliances such as washing machines declined for the fourth successive month.

The proportion of respondents saying current business conditions are "bad" rose to 38 per cent from 36 per cent. Concern about unemployment also rose, with 38.6 per cent of respondents saying jobs are hard to get.

The survey, based on interviews with 5,000 families, also

revealed a continuing discrepancy between confidence in current economic conditions and confidence about the future.

An index measuring confidence in the "current situation" stands at 45.2, having fallen every month since last July, when it registered 116.6.

An index measuring consumers' expectations, however, stands at 93.5, compared with 91.6 when the recession began last July and a low of 55.3 in January. A surge in this component fully accounted for the rise in confidence following the Gulf war.

● The National Association of Realtors reported yesterday a 3.4 per cent increase in sales of existing - as opposed to new - houses in March. This was the third successive monthly increase in sales and another sign that the housing market, while still depressed, may be staging a tentative recovery.

The Commerce Department also revised figures for building permits - a barometer of future construction activity - to show an increase of 2.4 per cent in April, compared to its initial estimate of a 3 per cent decline.

Sao Paulo engulfed in a tide of pollution

Victoria Griffith on how the world's fastest growing city tackles its daunting problem

ON a bad day in Sao Paulo, Ms Lúcia Erundina, the city's first socialist mayor, may face any one of a number of urban disasters. During March and April this year, severe floods hit the city, isolating entire neighbourhoods and claiming the lives of at least 18 people.

Over the last two months, Sao Paulo has also been intermittently plagued by bus strikes, leaving millions of labourers in the city with no way of getting to work. Even when transportation is functioning normally, workers living in poverty-stricken shanty towns in the city's outskirts may face a four-hour commute to work in dangerously overcrowded buses.

A few weeks ago, frustration over the situation exploded into riots, with workers attacking city buses.

Now that the rainy season is over, Ms Erundina has a new problem to cope with: the pollution which rises to critical levels in Sao Paulo during the drier winter months.

Air quality in the centre of the city was considered inadequate or worse for 55 days over the six month period between May and October last year.

Sao Paulo is suffering the consequences of decades of uncontrolled growth. The last 30 years have transformed the city from a sleepy regional centre with a population of less than 4m to the largest city in South America, with 17m inhabitants.

"If we don't take radical measures to deal with Sao Paulo's population explosion,"



Traffic jam Sao Paulo style: more than 8m people head for home daily

said Ms Erundina, "what is now a problem-ridden city will become complete chaos."

A growth-related rise in pollution alone could have nightmarish effects. Some 80 per cent of Sao Paulo's air pollution is produced by motor vehicles. Together, smoke-belching trucks, cars and buses produce 450,000 tonnes of pollutants a year, enough to fill a very large football stadium.

Dr Jose Carlos Derisio, director of environmental quality at the state pollution agency CETESB, fears that the thousands of additional cars on the city's roads

may prove disastrous.

"If we don't take action quickly, the air quality in Sao Paulo may drop to life-threatening levels," he said.

The root of the city's problems are economic. Sao Paulo is the richest city in South America, contributing about 15 per cent of Brazil's gross domestic product.

Sao Paulo's economic vitality has produced a moneyed business class with consumption habits to rival the world's richest. Despite the wealth of a few, one third of Sao Paulo's inhabitants live below the poverty line. Many are migrants

from the poor north-eastern states who came to Sao Paulo in search of a better life. But with the city's number of unemployed now topping 1m, the better life is becoming increasingly elusive.

"I came to Sao Paulo from the (north-eastern) state of Para," said a young man who after years on the street has found refuge at one of the city's homeless shelters.

"My family raised the money for my trip. But I could never find a job, because I don't have a Sao Paulo identity card. Everyone expected me to return a rich man. How can I

go back with nothing but the clothes on my back?"

According to Dr Derisio of CETESB, one of the main reasons for the heavy floods this year is the soil erosion prevalent in the city's slum areas. "The people in the favelas don't understand the importance of planting vegetation," he said. A great amount of soil is continually being washed to the city's rivers, making them extremely shallow. So any heavy rain quickly causes them to overflow.

"We clean up the streets one day," a sanitation worker complained to Ms Erundina during a municipal inspection, "and the next day it's as if we never touched it, the garbage is so thick on the ground."

Poverty is also threatening to create a cholera epidemic of Peruvian proportions in Sao Paulo. Sanitary conditions in the city's favelas are precarious at best.

Sao Paulo's yearly budget is \$3m. At \$176 per inhabitant, the sum seems adequate at first glance. However, a law prohibiting the dismissal of any government worker guarantees an outside public sector and half the budget is absorbed by employees' salaries.

Ms Erundina went as far as Europe last year in her search for more funds for the city. She came back empty-handed. "If this city is to save itself from disaster," said the mayor, "we will have to organise Brazilian society to take responsibility for its own problems. As long as that doesn't happen, I see no solution, either for Sao Paulo or for Brazil."

Democrat condemns China's MFN status

SENATOR George Mitchell, Senate majority leader, yesterday attacked President George Bush's decision to renew China's most favoured nation (MFN) trade benefits and promised a battle in the Senate to reverse the president's "failed" China policy, writes Nancy Dunne in Washington.

Mr Mitchell threw his influence behind a bill giving China six-month conditional renewal for its MFN. After that China would lose its trade benefits - the lowest tariffs available - unless it improved its human rights practices, permitted immigration and ended nuclear proliferation.

The Democrat senator's call to battle came as no surprise to the White House. Mr Bush, who announced the intention to renew during a speech at

Yale on Monday, went on the offensive against his critics.

"Some argue that a nation as moral and just as ours should not taint itself by dealing with nations less moral and just," he said. "But this counsel offers up self-righteousness draped in false morality."

Mr Mitchell voiced his outrage over the reference to morality, and called it "especially offensive... that he seeks to clothe what is an immoral policy in moral terms".

The debate will have political resonance in the run-up to presidential elections. Memories of the 1989 Tiananmen Square massacre have not faded, and the president's defence of US business interests in China will be seen as another attempt to favour the wealthy.

Court backs North's 'unfair trial' ruling

COLONEL Oliver North, a leading figure in the Iran-Contra scandal, could face a new trial or have charges against him dismissed following a Supreme Court ruling yesterday, AP reports from Washington. The court let stand an Appeal Court ruling that the former White House aide may have been denied a fair trial.

Col North was convicted in 1989 of misleading Congress in its investigation of the Iran-Contra affair, accepting an illegal gift and unlawfully shredding government documents. Only the first two convictions were examined in the appeal.

At issue was whether the federal prosecutor and his staff violated Col North's rights by using for the prosecution's case testimony given to Congress under immunity.

Bush seeks to allay health fears

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush maintained his usual intense pace of golfing and boating at his holiday home in Maine yesterday as doctors checked whether chemicals in water could have caused the thyroid condition known as Graves' disease from which both he and his wife Barbara suffer.

In the face of continued speculation about his health due to his, at times, gaunt appearance and tiredness, Mr Bush has tried to show he is as energetic as ever.

Mr Martin Fitzwater, White House spokesman, said the president had gained a few pounds during his Maine holiday and that his heart beat was normal.

"The president looks great, feels great, reports that he's in good condition and the doctors feel he's in good shape," he stressed.

Mr Fitzwater said that, because of the "enormous" coincidence of both the president and his wife having the same non-contagious thyroid condition, doctors were check-

ing to see if there was some environmental cause, such as iodine and lithium in the water at the White House, Camp David, his Maine holiday home, or the National Observatory, where he lived for eight years as vice-president.

Mr Fitzwater, however, brushed aside the suggestion that there might be links between the Bush's thyroid problems and their dog Millie's lupus, an inflammatory disease which is also an autoimmune disorder.

Argentine civil servants offered pay incentives

MR Carlos Menem, Argentina's president, is to press ahead with the second phase of the civil service reforms begun last year, writes John Barham in Buenos Aires.

The reforms, a key part of Argentina's move to free markets, are intended to replace a corrupt and inefficient bureaucracy with a streamlined civil service which rewards competence and efficiency.

Mr Gustavo Beliz, the presidential aide executing the reforms, says the 160,000-strong

civil service will now be required to attend regular training courses, designed by Harvard University. Outstanding performance will be rewarded with higher pay and promotion, and pay differentials will be increased.

Last November, in the first phase of the reforms, 47,000 civil service jobs were cut through early retirement and rationalisation. The Economy Ministry expects the reforms to yield savings equivalent to 0.8 per cent of GDP.

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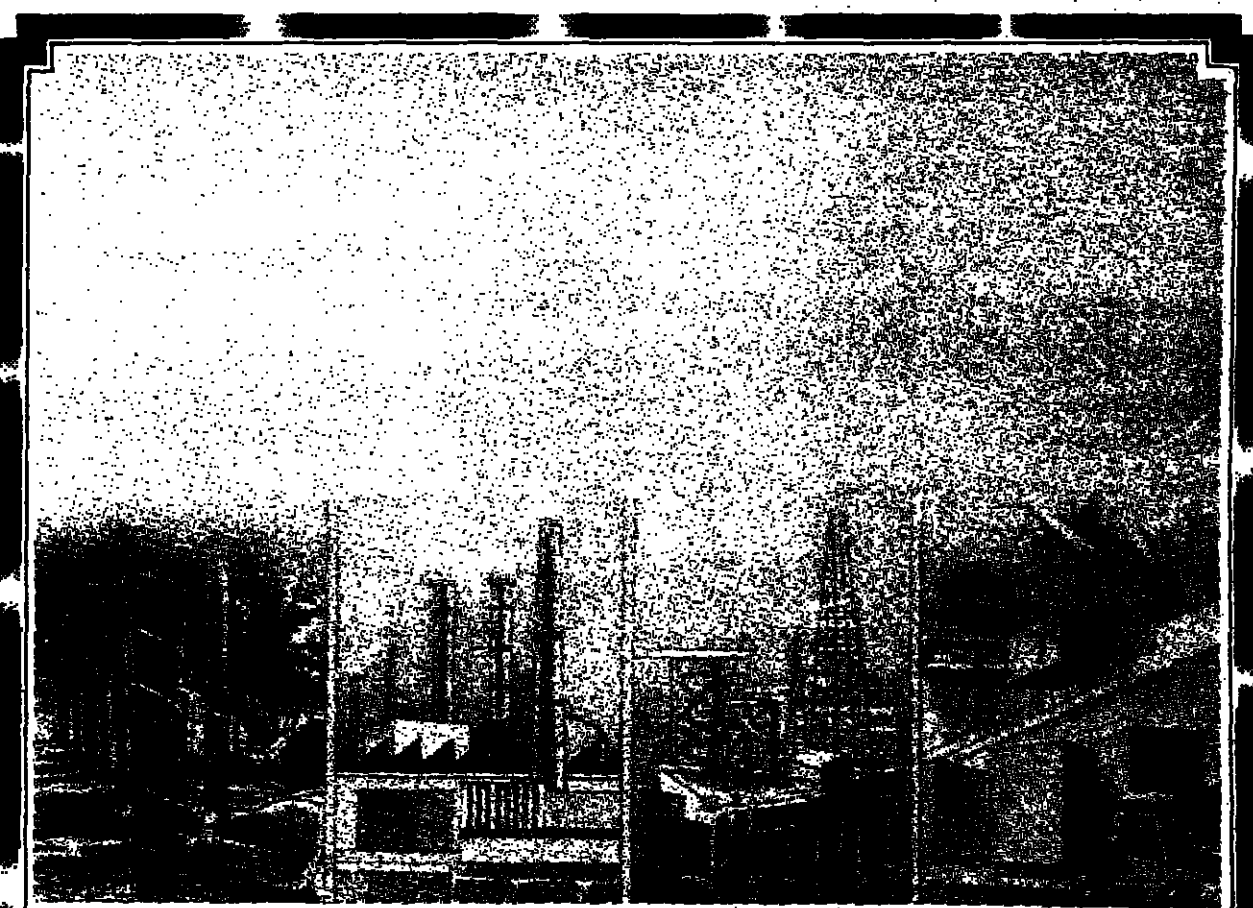
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Ulster talks stalled over choice of chairman

By Ralph Atkins and Our Belfast Correspondent

MR PETER Brooke, Northern Ireland secretary, ended forward his talks process in the province yesterday but failed again to clear the way for "round-table" talks to start.

Agreement between Northern Ireland's four main constitutional parties has been reached on the job description for the independent chairman Mr Brooke has proposed for the second strand of the talks, when the Irish government will enter negotiations.

However, no agreement has been reached on how the identity of the chairman will be decided. If Mr Brooke decides that a single candidate, or a slate of alternatives, has to be selected before talks can proceed, "round-table" talks could be delayed for several days.

A possible way of speeding up the process would be if Mr Brooke were able to agree with all parties a mechanism for choosing the chairman whilst the first strand of "round-table" talks - on internal government in the province - went ahead.

The nationalist Social Democratic and Labour Party stayed away from meetings Mr Brooke held at Stormont parliament buildings outside Belfast. The party says it will only return when Unionist anxieties about strand two have been resolved.

The SDLP fears that if the unionists are given a veto over the choice of an independent chairman, they will block the second stage of talks.

The Rev Ian Paisley, Democratic Unionist leader, said: "The question being asked now is whether the SDLP are really committed to these talks, because it is quite evident they are looking for whatever excuses they can to keep away from these talks."

Mr Hume said his party was not going to Stormont because they had not been invited to plenary discussions. It was essential that consultation over a chairman for strand two was clarified. A phone call from Mr Brooke informing him that the obstacles had been overcome was all that was required to get the talks going, he said.

Rifkind unveils new agenda on transport policy

By Richard Tomkins, Transport Correspondent

MR MALCOLM Rifkind, the transport secretary, yesterday set out an agenda for tackling Britain's road traffic congestion by making better use of the railways.

He unveiled a series of measures aimed at encouraging freight to switch from road to rail and committed the government to ending British Rail's monopoly over passenger and freight train services.

He also announced a long-term study into urban congestion which will examine whether Britain should become one of the first countries in the world to charge cars and lorries for use of the roads on a pay-as-you-go basis.

The announcements, contained in Mr Rifkind's most important speech on transport policy since his appointment last November, were made at the opening of the Financial Times Transport in Europe conference in London.

They were seen as an attempt to demonstrate the government's commitment to solving Britain's acute problem of congestion - an issue likely to be high on the political agenda in the event of an early general election.

Mr Rifkind's views differed from those of his Conservative predecessors by appearing to take a significantly more positive view of the role to be played by public transport.

In a remark which no transport minister would have uttered in the pro-road Thatcher years, he said: "I must declare myself, enthusiastically and unequivocally, as desiring to see far more freight, both passenger and freight, travelling by the railways."

However, there were no commitments to heavy spending on rail transport, and the initiatives concentrated more on diverting freight traffic to rail than on the politically more intractable problem of passenger transport.

The main proposals are:
● British Rail's monopoly on the operation of trains is to end. However, this proposal will require legislation to implement and there is no timetable for its introduction, other than the hope that it will be in the next parliamentary session.

● Freight facilities grants, paid by the government to encourage companies to switch road freight to rail on environmental grounds, are to rise.

● A long-term study into urban traffic congestion will examine the case for road pricing - charging drivers electronically for the amount of congested road space they use.

But Mr Rifkind was careful to rule out road pricing as a certainty. He said the research could conclude that road pricing had no role to play.

Mr John Prescott, shadow transport secretary, said there was much to be welcomed but criticised the government's proposal to encourage the construction of toll roads by the private sector, saying it would create a two-class system where "people with gold cards will be able to travel on first-class roads".

The Automobile Association said that the scope for transfer of freight to rail was limited.

Editorial comment, Page 18

Mr Michel Walrave, the French secretary general of the International Union of Railways, said that the development of a high-speed European rail network was likely to spread as links between EC countries strengthened.

Demand for increased railway capacity was likely to grow as eastern and western European countries began to co-operate more closely.

"Public money which is essential to developing these priority links, should involve Community, national and regional contributions," said Mr Walrave.

Mr Rodolphe de Planza, delegate general of the Union des Industries Ferroviaires Européennes (Union of European Railway Industries), said technical, legal and political differences between European countries made it difficult to develop an integrated transport strategy. Nonetheless, there was a strong political will to create a highly efficient European railway network for passengers and goods.

Government switches track on support for railways

A MASSIVE conversion greater than St Paul's on the road to Damascus" was how Mr John Prescott, transport spokesman for the opposition Labour party, described the government's new-found enthusiasm for Britain's railways yesterday.

It seemed an apt description of a remarkable shift away from the policies of the Thatcher years, during which public transport seemed to rank a poor ideological second to the freedom and individuality offered by the car.

Yet as delegates at the Financial Times Transport in Europe conference digested the landmark speech by Mr Malcolm Rifkind, transport secretary, some questioned whether his proposals would go far towards their stated aim of solving Britain's looming congestion crisis.

The problem Britain faces is

that road traffic grows inexorably with economic growth. As people become richer, they buy more cars, use them more often, and consume more goods and services which have to be transported.

Pressure on the available road space is growing at a staggering rate. Between 1980 and 1990, for example, the number of cars in Britain rose by 38 per cent. Yet 65 per cent of households still have no access to a vehicle, so saturation point is a long way off.

Against this background, the Transport Department has predicted that road traffic in vehicle miles will have risen from today's levels by between 68 per cent and 112 per cent by 2025. Put simply, traffic will be roughly twice as heavy in 30 years.

If enough new roads could be built to accommodate this growth, a transport crisis could be averted. But as the present

government has recently come to accept, this will never be possible in a country as small and densely populated as Britain.

Examining his other options, Mr Rifkind has turned to the role which railways could play in taking traffic off the roads.

Yesterday he announced four initiatives aimed at attracting freight traffic on to trains.

But although these measures were widely commended as steps in the right direction, few thought they would make any



Setting his sights on the future: Malcolm Rifkind unveils his transport plans at yesterday's conference

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FT CONFERENCE TRANSPORT IN EUROPE

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But although these measures were widely commended as steps in the right direction, few thought they would make any

significant difference to the congestion on Britain's roads, now or in the future.

The reason was the same as the one expressed by Mr Cecil Parkinson, Mr Rifkind's predecessor as transport secretary. He maintained that the proportion of freight carried by rail was so small that, in terms of road traffic congestion, the effect of doubling it would be countered within a couple of months by rapidly rising car mileage.

Mr Parkinson's view is illustrated by Transport Department statistics showing that only 8 per cent of freight in Britain is moved by rail. Roads carry 92 per cent, with the rest split between coastal shipping, waterways, pipelines and air.

Even with the majority of freight going by road, heavy goods vehicles account for a relatively small proportion of total road traffic. In 1989, the number of lorry miles driven

were only 9 per cent of those driven by cars. So it would take a large reduction in road freight to make a difference to overall traffic levels.

Mr Garry Turvey, director general of the Freight Transport Association, said yesterday that the measures announced by Mr Rifkind would have little practical effect. Although freight facilities grants were to rise, he said, they had only ever attracted about 3m tonne-miles of freight a year to rail - an almost insignificant figure compared with total road freight of 137.4 bn tonne-miles in 1989.

Mr Turvey agreed that the opening of the Channel tunnel would provide opportunities to transfer freight to rail. But the tunnel's forecast freight throughput of 18m tonnes a year by 2018, he said, was also insignificant compared with the 1.81bn tonnes of road

freight lifted in 1989.

The Freight Transport Association welcomed Mr Rifkind's interest in combined transport - the idea of transferring long-distance road freight to rail for the main part of its journey. But again, it doubted whether it would contribute greatly to the relief of congestion in a country where the average road consignment distance is only 75 miles.

Several previous attempts have been made to counter the decline in use of rail for Britain's freight. The 1968 Transport Act, a Labour government creation, incorporated clauses requiring special authorisations to be sought for road freight journeys of more than 100 miles. But the provisions lay dormant on the statute book once the complications of enforcing them were appreciated.

Richard Tomkins

Richard Tomkins

Eurotunnel chief wants tax to fund new projects

By Andrew Taylor

A NEW tax should be levied on transport users and operators according to how much pollution they cause, Sir Alastair Morton, chief executive of Eurotunnel, said yesterday.

The money raised could be used to improve transport between Britain and the rest of Europe. It would be invested in projects in which the private sector was also investing a substantial amount of money, he said.

These might include a new toll highway from the M1 to the port of Felixstowe on the east coast, or extending the Heathrow airport-central London rail link to Liverpool Street station in the City.

Speaking at the Financial Times conference, Transport in Europe, Sir Alastair said the proposal was consistent with the Tory Party theory that the consumer should bear the cost of pollution control.

He said different types of transport from a 350 horse-power 35 ton motorway truck to a 70 ton rail wagon pulled by an electric train, should be measured against a pollution index.

Mr Michel Walrave, the French secretary general of the International Union of Railways, said that the development of a high-speed European rail network was likely to spread as links between EC countries strengthened.

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UK NEWS

New report contrasts UK and German training

By Andrew Adonis

THE SUCCESS of vocational training in Germany was highlighted yesterday by a new report published in London contrasting the continental system, which enjoys with high commitment of employers, to standards in the UK.

The report, on vocational education and training in Germany, highlights the so-called "dual system", under which apprentices spend about three days a week on in-company training and up to two days a week at vocational school.

Ministers and policy-makers in Britain are keen to learn from German experience. But despite innovations such as the Training and Enterprise Councils, the report emphasises the stark contrast between British and German practice.

Under the dual system, the structure of training courses is negotiated between employers, trade unions, the education service and the government. Exams are assessed by local chambers of commerce, with which all firms must register, and the whole system is underpinned by statute.

Vocational study enjoys far greater parity esteem with academic study in Germany than in Britain, they say. "In Germany, apprenticeship qualifications are part of a clear ladder of opportunity which gives access either to higher education or progress and promotion at work."

Apart from employer commitment, the report attributes the efficacy of the German system to six other factors:

- the readiness of employers to train more apprentices than they need;
- high participation rates in training, secured by the statutory basis of training;
- a simple and well-understood system of vocational qualifications;
- the regulatory role of chambers of commerce;
- partnership between vocational schools and industry and commerce;
- partnership between employers and trade unions.

Aspects of vocational education and training in the Federal Republic of Germany, HMSO, £5.50.

Rolls-Royce attempts to deflect criticism on pay

By Michael Smith, Labour Correspondent

LORD TOMBS, chairman of Rolls-Royce, the aerospace group which wants to freeze the pay of 34,000 employees, said yesterday he had taken a 10 per cent cut in his salary this year.

He announced the reduction, which he said had been agreed earlier this year, at Rolls-Royce's annual meeting where Lord Tombs and fellow directors were criticised by shareholders, for the increases they received in 1990.

The board came under fire over its handling of the pay freeze and over plans to close its helicopter plant at Leavesden, near Watford, and cut 6,000 aerospace jobs in the UK this year. Several hundred workers protested before the meeting.

Salary reductions are unusual among UK company directors. Many are still enjoying increases in spite of the recession.

Lord Tombs said his base salary would be cut by 10 per cent from £150,000 last year to £135,000 in 1991. In addition he has been frozen at existing levels this year, would not be paid bonuses this year because the 1990 results "did not justify it".

He also said the worldwide slump in defence spending



Tombs: Job cuts necessary

could hit Rolls-Royce's profits well into 1992.

In 1990 Lord Tombs's total remuneration package, including bonuses, was £180,000, up from £119,000 in 1989.

Some shareholders criticised last year's increases in view of the pay freeze which the company wants for its 34,000 aerospace workers. One called it a public relations disaster.

Lord Tombs said last year's rises included bonuses payable in respect of 1989, a record year for profits. Directors' salaries

compared badly with companies of similar size.

Several shareholders were applauded when they criticised the company's recent issue of contract termination notices to the 34,000 workers as a means of implementing the pay freeze.

The notices were subsequently withdrawn following a threat of High Court action from the MSF general technical union.

Lord Tombs said the letters were a technical measure, intended to amend contracts to implement the pay freeze. Industrial relations had not been seriously harmed.

Some shareholding employees voted against the re-election of four board members, including Sir Ralph Robins, chief executive. However, all four were returned by large majorities.

Mr Fred Hodgson, convenor for the ARU engineering union at Leavesden, said he was encouraged by the rough ride given to the board by shareholders.

Lord Tombs said job cuts were necessary to match available work. All was not gloom, however. Aerospace civil order books remained strong and the newly-formed industrial power group was performing well, he said.

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GM launches car service outlets

John Griffiths

MORE than a year later than intended, General Motors - the US motor manufacturer - is launching the first outlets in a chain of drive-in, while-you-wait service centres for cars and commercial vehicles in the UK and Continental Europe.

The chain, which will be operated by GM's dealers under the Masterfit name, represents a bid to recapture some of the nearly £4bn a year in parts and service business GM's franchised dealers have lost to independent "fast-fit" groups in Europe.

The first centres are to be in the UK, where a pilot project has been running at a handful of dealers operated by Vauxhall, the GM subsidiary, since

the middle of last year.

Later the concept is to be extended to Continental Europe, initially Germany, Belgium and Holland for operation by GM's Opel dealer network.

Vauxhall says it plans to have 20 Masterfit centres running in the UK by the end of this year, rising to 150 "eventually".

When first unveiling GM's ideas for the Masterfit scheme two years ago, Mr David Herman, then executive director of GM's European parts and service operations - he is now - predicted that a total of 600 Masterfit outlets would be operating in the UK, France, West Germany, Spain, the

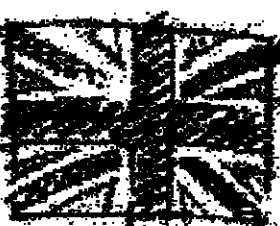
Benelux countries, Switzerland and Austria, by the end of 1990.

According to Vauxhall, the slower pace of introduction is linked at least in part to a big reorganisation of GM corporate identities which took place subsequent to the first Masterfit disclosures.

GM's franchised networks have lost around 50 per cent of all their parts and servicing business to aggressive independents, like Mr Tom Farmer's Kwik-Fit Euro chain in the UK.

According to GM's research, however, its European subsidiaries have fared no worse than other volume manufacturers in this respect.

BRITAIN IN BRIEF



Squeeze on credit faces syndicates

Increasingly tough attitudes by banks towards underwriting syndicates at Lloyd's are providing a new problem for Names, wealthy individuals who back underwriting on the market.

Banks have traditionally provided credits to syndicates facing cash flow difficulties, as well as those for new syndicates starting up business.

But as a result of escalating claims from catastrophe losses since 1988 and the increased speed of claims settlement, many syndicates lack cash.

The market as a whole is expected to record heavy underwriting losses in 1990 - the results of which will be announced in the summer. According to some bankers certain types of financing will not be granted, or granted on more stringent terms.

Job talks on plant closure

Welsh Development Agency executives will hold talks this week with Merthyr Tydfil borough council following last week's decision by Thorn-EMI to close its lamp-bulb plant in the town with the loss of 506 jobs.

Mr Ian Rooks, WDA corporate director, said: "We will discuss the possibility of accelerating our joint action plan for the area and discuss ways of co-ordinating our efforts to secure alternative, long-term jobs."

Thorn announced late last week that the plant's manufacturing operations would be phased out over the next 12 months. A few, possibly not more than a dozen, workers are to be offered alternative employment.

Partnership ban to be lifted

The Government is proposing to lift the general ban on the formation of partnerships with more than 20 partners. This would remove the last formal impediment to the formation of large multi-disciplinary partnerships between accountants and solicitors.

Partnerships of more than 20 partners are prohibited under company law except where an exemption is granted to a specific profession.

N Sea oil output falls

Oil output in the British sector of the North Sea fell sharply last month, according to Royal Bank of Scotland economists.

After the high level of production in March (over 2m barrels per day), output fell by nearly a quarter, to 1.5m barrels. Compared with the same month a year ago, output is down by around a fifth. The slump is due to the closure of a number of fields to allow safety work and maintenance.

Night courts plan by Bar

The Bar Council, the barristers' governing body, is to examine the feasibility of establishing night courts in England and Wales.

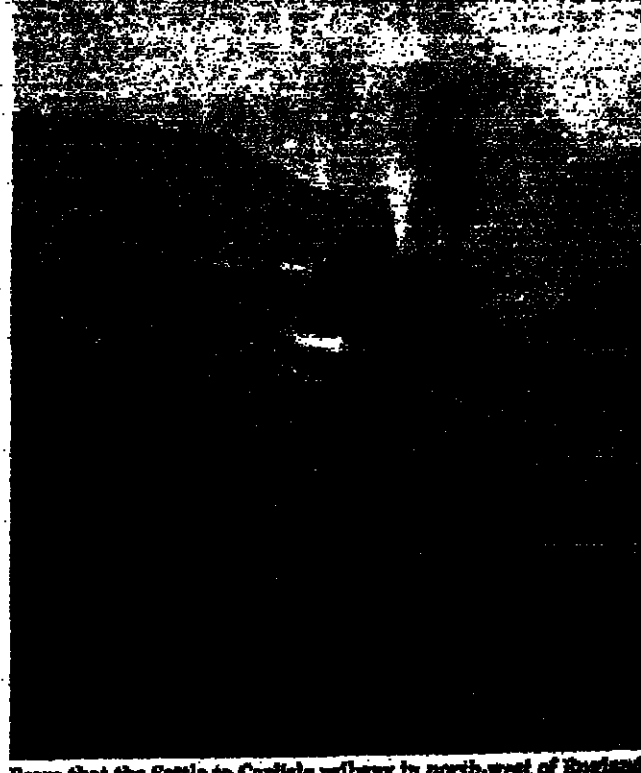
Greater use of court buildings could also reduce delays in hearing cases and reduce the backlog by removing from the daytime court lists a whole range of simpler work.

The proposal is part of a wider scheme by the Bar to review how courts can be made friendly and more accessible to the public.

Bank seeks views on ethics

Mr Terry Thomas, Co-operative general manager, announced at the Co-op congress in Wales that the bank is to seek the views of its 1.8m customers on ethical issues such as South Africa and nuclear weapons.

"Our future decisions on this issue will reflect the general preferences of our customers," he said. However, the list of unacceptable business partners will be adjusted periodically as customers' views change.



Fears that the Sattle to Carlisle railway in north-west England may close have been allayed following an announcement that an appeal has been lodged to raise the money to repair viaducts and bridges on the 71-mile line, which is often used for trips by veteran steam trains (pictured above).

Stalemate in power talks

Prospects of industrial action this summer in the power industry were revived when employers refused to increase an 8.5 per cent pay offer and unions gave notice of a second ballot on strike action.

Representatives of companies in the power industry met the five trade unions at the unions' request after a majority of manual workers rejected the offer, described by management as final.

Grants may be transferred

Training and Enterprise Councils are to review a proposal that the Enterprise Initiative, which offers grants and advice to businesses, should be transferred to the new employer-led bodies.

Mr Eric Davies, chairman of CITA, the committee of ten Tecs which acts as a mouthpiece of the movement to government, will propose such a move at a meeting with Mr Peter Lilley, secretary of state for trade and industry.

BAe to assist in phone system

British Aerospace is to participate in setting up the world's first global mobile telephone system, being developed by Motorola and Lockheed Martin and Space of the US.

The system will be made up of 77 small communications satellites and is expected to be operational in 1996.

Motorola said that although it had chosen Lockheed as its prime space craft contractor for the contract, it wanted BAe to participate in the development of the system.

Acid rain threat 'is extensive'

Damage caused by acid rain in Britain will take a long time to solve completely, Mr David Tripple, environment minister, said.

He was commenting on the publication of a report by scientists which show that by the year 2005 8 per cent of the UK surface area and 4 per cent of fresh waters in Scotland will still be sustaining damage.



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BUSINESS AND THE ENVIRONMENT

Discovery of lost insurance

Insurance archaeology sounds like the sort of policy Howard Carter and Lord Carnarvon should have taken out in the aftermath of their discovery of Tutankhamun's tomb in 1922. But it is one of the more intriguing by-products of America's drive to clean up the environment and make industry foot the bill.

The aim of insurance archaeology is to research, interpret and analyse past insurance coverage over a period of many years to meet present and future corporate liabilities arising from past activities.

It was developed by Randolph Fields in 1981 in response to the needs of a client faced with a multi-million dollar asbestos suit. Having established that coverage existed which a client originally believed was not applicable, Fields went on to be consulted by most of the defendants in the asbestos-related litigation which swept through the US in the 1980s.

To date Fields's company claims to have found in excess of \$100m of insurance coverage for its clients.

In today's tight insurance market it is impossible to buy coverage for such risks. But much of the primary and excess liability insurance bought over many years covers latent claims.

Fields has been able to establish that the standard general liability policies sold since the Second World War contain no time limitation on when a claim can be made. All that is required for them to become effective is that some personal injury or damage to property took place during the period covered by the policy even if it remained undiscovered for 40 years.

He has also established, much to the irritation of the insurance industry, that policies issued before 1971 rarely excluded coverage for pollution or contamination-related claims. No wonder the insurance industry is lobbying hard in Washington for a change in the basis of liability under Superfund, America's national environmental clean-up programme.

Robert Rice

Waste management, once regarded as an industry with little potential, is set to become one of the biggest and most lucrative businesses in Europe over the next decade.

All forms of waste, hazardous or not, are coming under fire. Companies which once dumped toxic waste into any nearby stream or vacant site must now abide by legislation which forces them to dispose of their waste in a more responsible manner.

The established waste management companies, such as Waste Management, are well-positioned to benefit from such legislation. Waste Management, which has grown rapidly over the last 10 years, recently entered into a joint venture with Britain's Wessex Water. Waste Management already has operations in Denmark, Germany, Italy, the Netherlands, Spain and Sweden.

The North American waste management industry was spawned by the environmental movement of the 1960s. The original Earth Day in 1970 led to the creation of the Environmental Protection Agency (EPA) in 1971 and a host of new legislation including Clean Air and Clean Water Acts. The 1976 Resource Conservation and Recovery Act (RCRA), a federal umbrella of waste legislation, also became active this time.

William Plunkett, a spokesman for Waste Management, said: "Regulation has driven our business in the US and we expect it to do the same in Europe. The US developed its environmental legislation more broadly than Europe as a whole, but we are looking for very high standards from the European Community after 1992."

Waste Management started in 1964 as Ace Scavenger Service, Chicago's first rubbish collection business. In 1968, the son-in-law of the founder joined forces with a relative who ran a refuse collection company in Florida to form Waste Management.

The company went public in 1971 and embarked on a 20-year buying spree, acquiring nearly 500 waste companies during the 1980s alone. By 1990, Waste Management was the biggest player in North America, with profits of \$684.8m on revenues of \$6.03bn.

Waste Management collects rubbish in almost every US state through contracts with local municipalities and businesses. It operates about 125 landfills and holds a 79 per cent stake in Chemical Waste

Management is an established US business. Karen Zagor examines its expansion into Europe

Rubbish industry smells new profit

Management (which disposes of hazardous materials) and a 55 per cent stake in Wheelabrator Technologies (which specialises in pollution control systems).

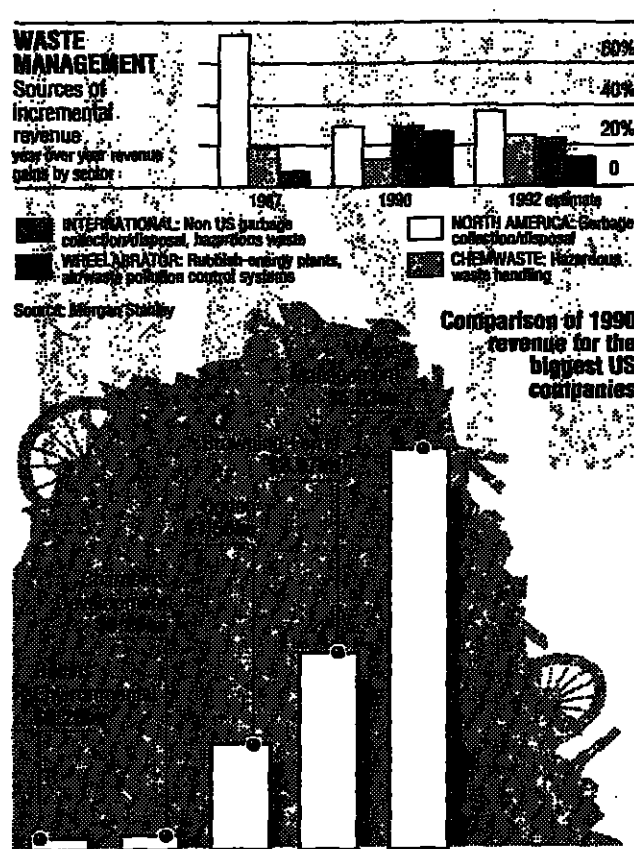
Waste Management has always realised the importance of remaining ahead of impending legislation. It is estimated that new federal regulations could close about half of the 5,000 rubbish dumps in the US, but all of Waste Management's dumps meet the new requirements. They are equipped with synthetic or clay liners to prevent contaminated water seepage, have ground water monitoring systems in case the liner leaks and have methane collection systems.

But Waste Management's public image is far from pristine. It has been the subject of about 15 grand jury investigations and it has a long track record of environmental violations, and fines for bribery, price-fixing and illegal waste handling. In November, for example, the company agreed to pay \$19.5m to settle a class-action lawsuit for price-fixing. To cope with the steady stream of litigation, its legal division employs about 80 lawyers.

In 1988 the Citizens Clearing House for Hazardous Wastes said the company's "rise to the top of the garbage heap is a testament to how an enterprising group of profit-minded businessmen can break laws, be convicted and still make a profit and grow. The history of this company is a tribute to the dark side of the American dream."

Waste Management is not the only company with a tainted image. Browning Ferris, another target of lawsuits and accusations, hired a former head of the Environmental Protection Agency, William Ruckelshaus, to head the company in 1988.

Ironically, it was the difficulty of complying with continually changing regulations that for the most part eliminated small, independent companies from the waste manage-



ment industry. The cost of upgrading facilities to conform to new laws has meant that only the well-capitalised companies, such as Waste Management, have survived.

Americans generate so much waste - about 180m tonnes of solid waste and 360m tonnes of hazardous waste each year - that analysts once thought demand for waste management services would be limitless. Despite its success so far, the North American waste management industry is stumbling for the first time since the early 1970s.

Like most industries, waste management is feeling the bite of recession. The hazardous waste sector, which is tied to what industry disposes rather

than what is thrown out in homes, has been particularly sensitive to the weak economy.

The changes are reflected in the share prices of four of the biggest companies. Stock in Browning Ferris now trades at about \$26 from \$41-1/2 a year ago, Chemical Waste Management shares have dropped to \$20-3/4 from \$23-5/8 and Laidlaw's class A share has plunged to \$11-1/2 from \$32.

Only Waste Management's stock has remained relatively static, at about \$38-1/4, compared to \$39-7/8 a year ago, but below the 52-week high of \$45-1/2.

Waste management companies are also feeling the impact of their own high prices which contributed to the industry's

Landfills now handle about 70 to 80 per cent of North America's solid waste. Recycling accounts for about 12 per cent and incineration another 15 per cent. Fey believes that by 1995 landfills may handle less than 50 per cent of the solid waste output.

In the US, new air regulations are expected to facilitate permits for incinerators, and waste-to-energy could rise to 35 per cent of the solid waste output from about 15 per cent. Recycling is expected to grow to about 25 per cent.

The new growth areas in waste management, according to Mennis, are recycling, incineration (waste to energy), medical waste management, waste water and sewage sludge treatment and air pollution.

Analysts believe that the changes in waste handling may help smaller companies with advanced technology to carve out a niche for themselves in the industry. Waste Management, however, is expected to remain a dominant force thanks to the company's diversified base.

Privatisation leads to oilfield clean-up

By John Barham

Privatisation may have many economic virtues. In Argentina, which has launched one of the developing world's most aggressive privatisation policies, it is bringing environmental benefits too.

Last year, Yacimientos Petroliferos Fiscales (YPF), the government-owned oil company, began selling off its oilfields. It began with small, marginal fields and then last month sold half-shares in four of its biggest oilfields. Since last September YPF has sold, wholly or in part, 31 oilfields.

As well as taking over YPF's oilfields and installations, the buyers are also required to clean up the considerable damage which the fields wreaked on the environment. As a general rule, YPF ran its oilfields with astonishing disregard for basic environmental and operational safeguards.

Oilfields in the desolately beautiful Steppes of Patagonia and Tierra del Fuego are scarred with blackened streams. YPF littered its drilling sites with impressive quantities of rusting industrial refuse. The company's aging, unsafe equipment leaked oil into the environment but YPF did little to clean up the mess.

According to a former YPF engineer: "What you see is the product of a culture of neglect. There was never any money to do anything, so you quickly learned not to bother, not to make the effort to work properly. This is the result." Environmentalists say that it is only pure luck that a major accident has not occurred yet.

Total, the French oil company, was among the first multinationals to begin tackling contamination at a YPF oilfield. Last November it took over Cañadón Alfa, a small oilfield in Tierra del Fuego (which it won as compensation for YPF's misappropriation of its nearby reserves). Shortly after, it meticulously photographed the area and commissioned an environmental audit to ensure it would not be blamed for the chaos.

The report, written by two independent biologists, said that while the contaminated area covers only 100 square kilometres, the "principal effects are deterioration of the zone's landscape and occasional oil-

ing of mammals that inhabit the valleys, whose water courses are contaminated".

Although Total's pictures of blackened streams, dead sheep and pools full of oil are ugly, the damage is relatively superficial. It took a five-man team only two months and \$50,000 to eliminate the worst of the damage. Total says the area is now 90 per cent clean.

Argentina is one of the few countries in South America lacking comprehensive environmental legislation. While its mining and hydrocarbons law makes holders of a concession responsible for safety and cleanliness, enforcement of the law is not rigorous.

Instead, multinationals and their local partners follow their own guidelines, which are generally far more stringent than Argentine requirements and are enforced more rigidly by environmental auditors from head office.

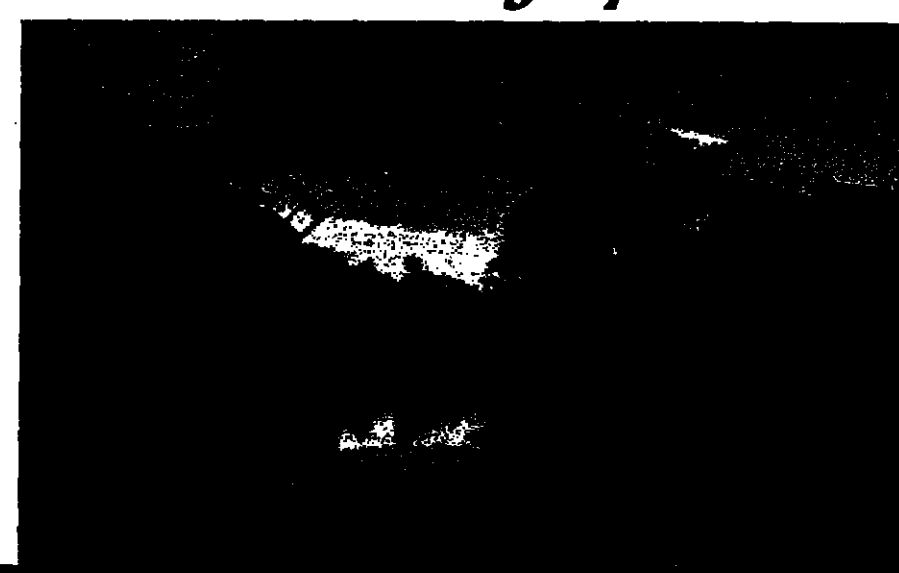
In April, Total agreed to pay \$134m for a half-share of YPF's El Huesum oilfield, one of Argentina's largest, located in southern Patagonia. Preliminary estimates put the cost of reversing the damage at El Huesum at \$400,000 for this year alone.

Oscar Vicente, vice president of Ferret Companie, an Argentine oil company which, together with Occidental Petroleum of the US is taking over YPF's largest oilfield, confirmed that the companies too will tidy up the area. "It's not going to cost much. It's for our image. All our oilfields are clean and well-organised. When people work in a clean area and in good order I get better productivity," he says.

Derry O'Regan, Shell's drilling operations manager, says the greatest cost in taking over YPF's oilfields will come in upgrading its aging and poorly maintained wells, rather than cleaning up the environment. Old oilwells are more expensive to operate because they produce water as well as oil and disposing of contaminated water is costly.

Total has shown, however, that improved efficiency and productivity can more than offset these added costs. At Cañadón Alfa, it rapidly tripled oil production and raised gas output by 25 per cent.

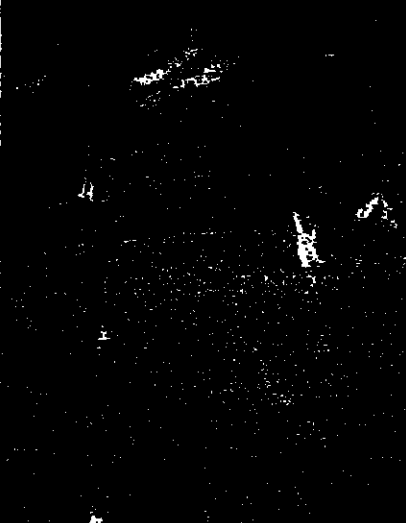
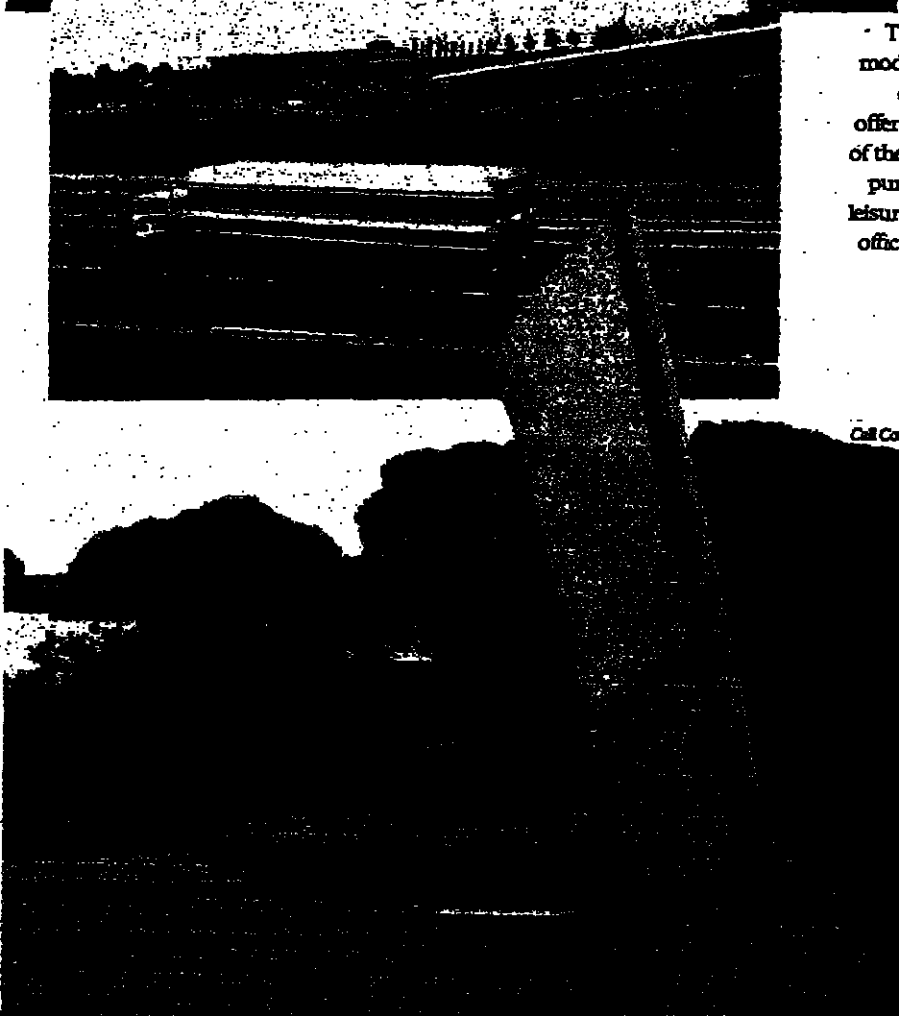
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MANAGEMENT

Blink and you'll miss it. The headquarters of one of the fastest growing steel companies in North America sits in modest anonymity on the outskirts of Charlotte, North Carolina, quite overshadowed by the suburban bustle of the Cotswold Shopping Center just across the road.

No sign outside the squat, lawn brick building announces it to be the home of Nucor, the seventh largest steel manufacturer in the US; and its tiny fourth floor rented offices have about as much grandeur as the average dental practice. A mere 20 people work there, even though the company employs some 5,800 people at plants scattered across America.

It is a stark contrast to the mighty headquarters towers built by the "Big Steel" companies - the huge, integrated manufacturers, such as USX, Bethlehem Steel and LTV, which dominate the US industry but which have spent much of the past decade in crisis. The contrast has symbolic significance, for Nucor is the most successful of the US "mini-mills" - small, innovative manufacturers which have been snapping at the big mills' bloated, bureaucratic ankles over the past 20 years.

The modest size and lean staffing of Nucor's head office also underlines its unusual style of management: extremely decentralised, egalitarian and with powerful productivity incentives for workers. Policies like these are now widely touted by management experts as sound practice - but the maverick Nucor has been using them for the past 20 years, and it has implemented them to a degree few companies would either choose or dare.

Radical management is one factor which has put Nucor among the lowest cost manufacturers of steel anywhere in the world. Another has been its repeated willingness to take very big risks, particularly in introducing new technology.

Nowhere were the risks greater than two years ago when, at a capital cost of \$270m, it pioneered an entirely new method of making steel sheet at a greenfield site in Crawfordsville, rural Indiana. The plant is an important landmark for the US industry, since it propels Nucor into the huge market for sheet products, which up till now has been dominated by Big Steel.

The story of how that plant was brought into successful production - despite some hair-raising setbacks - has just been recounted in a gripping, if somewhat over-written, book*. It portrays a corporate culture which combines a fierce, macho group loyalty and powerful work ethic with a rather cocky, shoot-from-the-hip approach to solving problems.

The book also shows one aspect of the company in a less favourable light - its safety record. Preston describes in dreadful detail how a 15 foot high ladle, filled with liquid steel, crashed to the floor of the

Steel manufacturing in the US

How Nucor is stealing a march on the big mills

Martin Dickson reports on the decentralised egalitarian style of the mini-mill

plant's melt shop shortly after production began, setting off an explosion which devastated the building and left one man with fatal burns.

The number of Nucor employees killed in workplace accidents over the past decade is well above the industry average, and while the company says the figures are misleading and that it does not take chances with workers' health, critics suggest that its decentralised structure and emphasis on productivity goals may encourage employees to cut corners on safety.

As with many entrepreneurial companies, much of Nucor's success stems from a single powerful personality - in this case Ken Iverson, its 66-year-old chairman. A tall man, with a friendly, informal manner - which is said to mask a hot temper - he is a mechanical engineer and metallurgist by training. His passions include wildfowl - he keeps them in his garden - and the mysterious qualities of molten metal.

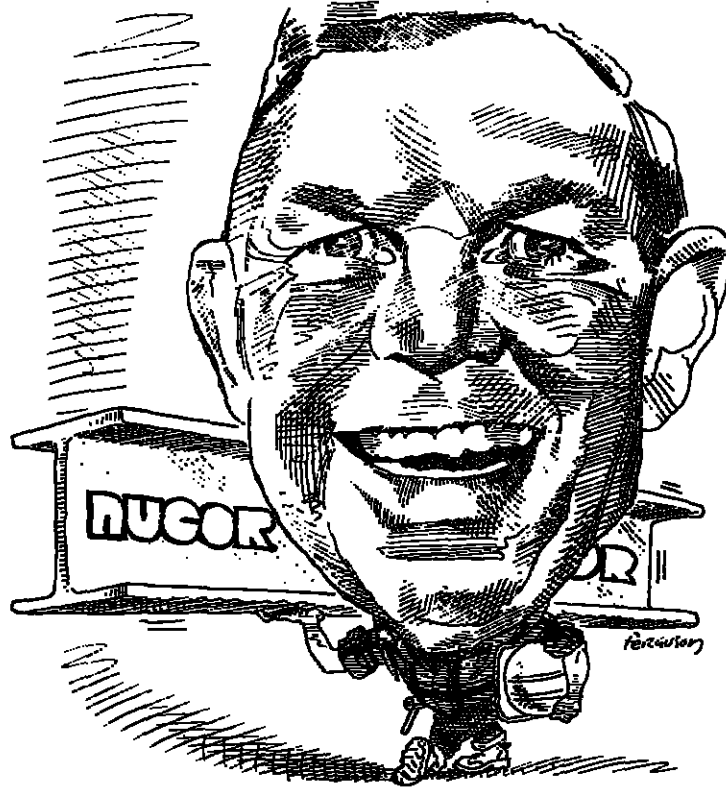
When he joined the company in 1962 it was known as Nuclear Corporation of America and was a troubled mini-conglomerate which traced its origins back to a turn-of-the-century motor manufacturer, Ransom Olds, the man who invented the Oldsmobile.

By 1965 the business was on the point of bankruptcy and Iverson, who was responsible for its one profitable business, fabricating steel roof joists, was thrust into the chairmanship, almost by default. He saved it from bankruptcy by selling off its non-steel interests and then moved the rump business upstream, into making its own steel.

Nucor was far too small to build a blast furnace to smelt iron ore - the capital-intensive method used by the integrated manufacturers. Instead it took a much cheaper route - and one which has become the hallmark of a mini-mill: recycling scrap metal by melting it down in an electric arc furnace.

Nucor found it was on to a winner. It was able to make steel at the commodity end of the market at a price which undercut both the big manufacturers and imports.

More recently Nucor has been moving upmarket, into higher value-added products which Big Steel once regarded as relatively safe from the upstarts. Nucor-Yamato Steel, a joint venture company with Japa-



Ken Iverson: a shoot-from-the-hip approach to solving problems

nese manufacturer Yamato Kogyo, uses new technology to make cheaper, quality beams for use in the construction industry. It has just announced a \$150m expansion plan.

Far more remarkable has been Nucor's thrust into the very heart of the big mills' territory - sheet products - with the Crawfordsville plant.

Sheet steel is normally made through a process which extrudes a big slab of metal, eight inches thick. That steel has then to be repeatedly rolled and reheated to squeeze the slab into a thin sheet. All this requires a great deal of capital investment and time, which explains why the market - accounting for some 50 per cent of US demand - is dominated by the big mills.

Nucor's Crawfordsville plant uses a method which casts steel straight into slabs just two inches thick, thanks to a new type of funnel mould invented by a German com-

pany, SMS Schloemann-Siemag. Those slabs are immediately compressed into finished steel one tenth of an inch thick, saving a great deal of time and money.

It sounds simple but Nucor took a tremendous gamble in going ahead with the project, for the German method had never been applied commercially. And Nucor, wanting to capitalise on what it believed to be a brief window of technological advantage, tried to build the plant in just 18 months, which meant finishing the design as it went along.

The integrated US manufacturers, which have been notoriously slow to adopt new technology, forecast a disaster. Construction got behind schedule, friction mounted between Nucor and its German partners, and Crawfordsville was dogged by mis-

haps. Production finally began early last year, but the plant initially lost \$1m a week and its output was of

questionable quality.

Now, however - with the bugs sorted out - the plant is making money and its technology seems to be a success. Nucor acknowledges there are still some problems with surface blemishes on its steel but says these are relatively minor.

Crawfordsville's output is aimed at the lower grade end of the market and not the more demanding areas, such as automobile body panels. Rivals suggest the technology may never be able to meet them, but Nucor reckons that it can.

Whatever the case, Nucor is so pleased with Crawfordsville that it is now building a second plant, at a cost of \$300m, in Arkansas, and Wall Street analysts say other manufacturers may have to consider using the technology, at least for lower grade markets.

Moving quickly and being willing to take risks is part of a distinctive corporate culture designed to prevent Nucor becoming fat and bureaucratic. It is a style forged partly by Iverson's egalitarian personality, partly by a fear of what bureaucracy did to the integrated mills, and partly as a reaction against the free-spending ways of the pre-1965 management.

The company is able to function with such a tiny headquarters team because of the immense power Nucor devotes down the line to the people running its operating businesses, who can thus solve problems quickly. "We (headquarters) are a resource for the divisions, not the other way around," says Hugh Aycock, the company's chief operating officer. "We don't see it as us controlling the divisions, but more keeping up with them." The rest of the management structure is equally lean; Nucor has just four layers, compared with nine or more at Big Steel.

The composition of the workforce and the pay incentives set for it are also a spur to good productivity. Nucor usually places its plants in small towns in low-wage rural areas. It says this is because country people have a strong work ethic and are mechanically minded. But rural people also tend to be anti-union, and Nucor's employees have rejected all attempts to organise them.

That is hardly surprising, since the company has brought good wages to depressed areas, and while

Nucor has enjoyed rapid growth over the past two decades, this period has seen the big uncompetitive companies slash tens of thousands of unskilled jobs. It is Iverson's boast that since 1966, the company has not laid off one worker.

An absence of unions has also helped foster flexibility, and Nucor workers are cross-trained to do one another's jobs in a way that would be impossible at the big companies.

As for incentives, Nucor takes groups of about 30 people involved in a particular job, establishes a yardstick for the task and pays productivity bonuses when the targets are beaten. Basic pay is set relatively low, but the (weekly) bonuses can double that, bringing workers up to or above the wages of steelworkers in unskilled shops. There is also a profit-sharing plan which takes at least 10 per cent of the company's pre-tax profits. Part of this is distributed to workers quickly, while the rest is handed over when they retire or resign.

Says Iverson: "The problem with many incentive schemes in corporate America is that they are so complex that the worker can neither understand nor relate to them. It's important that the bonus system is simple enough for people to understand." The pay of senior executives is also tied closely to the group's performance and, unlike in most US companies, can fluctuate wildly.

All this is underpinned by a strong team spirit. Despite its growth, Nucor remains a very egalitarian company which carefully solicits the views of its employees. There are no company cars. Every one flies tourist class. There are no staff caterers; Iverson's "executive dining room" is Phil's Deli, in the Cotswold Shopping Center.

But the company is not above criticism. Its financial record is infinitely better than that of the big integrated mills - it has not lost money in any quarter since Iverson took over - but not all of its investments have been money-spinners. And there is the question mark over its safety record.

Some aspects of its leanness may also be weaknesses. The board consists of just four people - three of them executives of the company and the fourth a former employee. This means there is no independent check on the management, and runs counter to generally accepted good practice.

It illustrates how Nucor has become a big company while still thinking small. Some analysts question how well this bare-bones management structure could cope with another great burst of growth, or Iverson's eventual retirement, which still seems four or five years off. But critics have been saying this sort of thing for years and Nucor has a long track record of confounding them.

* American Steel by Richard Preston, Prentice Hall Press \$19.95

Management abstracts

Inspiring others: the language of leadership. JA Conger in *Academy of Management Executive* (US), Feb 91 (15 pages)

Supported by examples of top managers' statements to their staffs about the goals and progress of their businesses, attacks the narrow-minded, uninteresting, analytical, conventional approach which relies heavily on accounting concepts; calls for messages incorporating an inspirational view of present and future corporate roles, based on the executive's "vision" to be communicated with fervour and sincerity and leading to commitment; ends with guidelines on creating such messages, eg gearing them to different audiences, and citing - inter alia - Martin Luther King.

Corporate failure - analysing the analysts. G Holmes & A Sugden in *Accountancy* (UK), Mar 91 (2 pages)

Examines the pressures placed upon analysts in the current economic climate, notably in respect of the recent failure of Polly Peck. Shows the criticisms made of analysts and argues that the increasing difficulty of analysing company accounts is exacerbating the situation. Describes the moves made by the Society of Investment Analysts to recover their prestige through the use of examinations and accounting standards.

Breaking with bureaucracy. A Toffler in *Across the Board* (US), Jan/Feb 91 (6 pages)

The US author answers questions, related to a section of his new book concerned with business organisation, dealing particularly with more flexible alternatives to traditional hierarchies.

Upper-level managers and whistle-blowing. JP Korman in *Journal of Business and Psychology* (US), Winter 90 (13 pages)

Explores what influences senior managers to expose wrongdoing or to remain silent; obtains some tentative answers, for instance, that the existence of a written code of ethics gives no guarantee that it will be followed in the absence of other types of practical support.

These abstracts are condensed from the abstracts furnished by Editor Management Publications. Abstracts of the original articles may be obtained at a cost of \$15 each (including postage and handling) from Author, at 11111 Linn, Bradford, West Yorkshire LS25 9JF.

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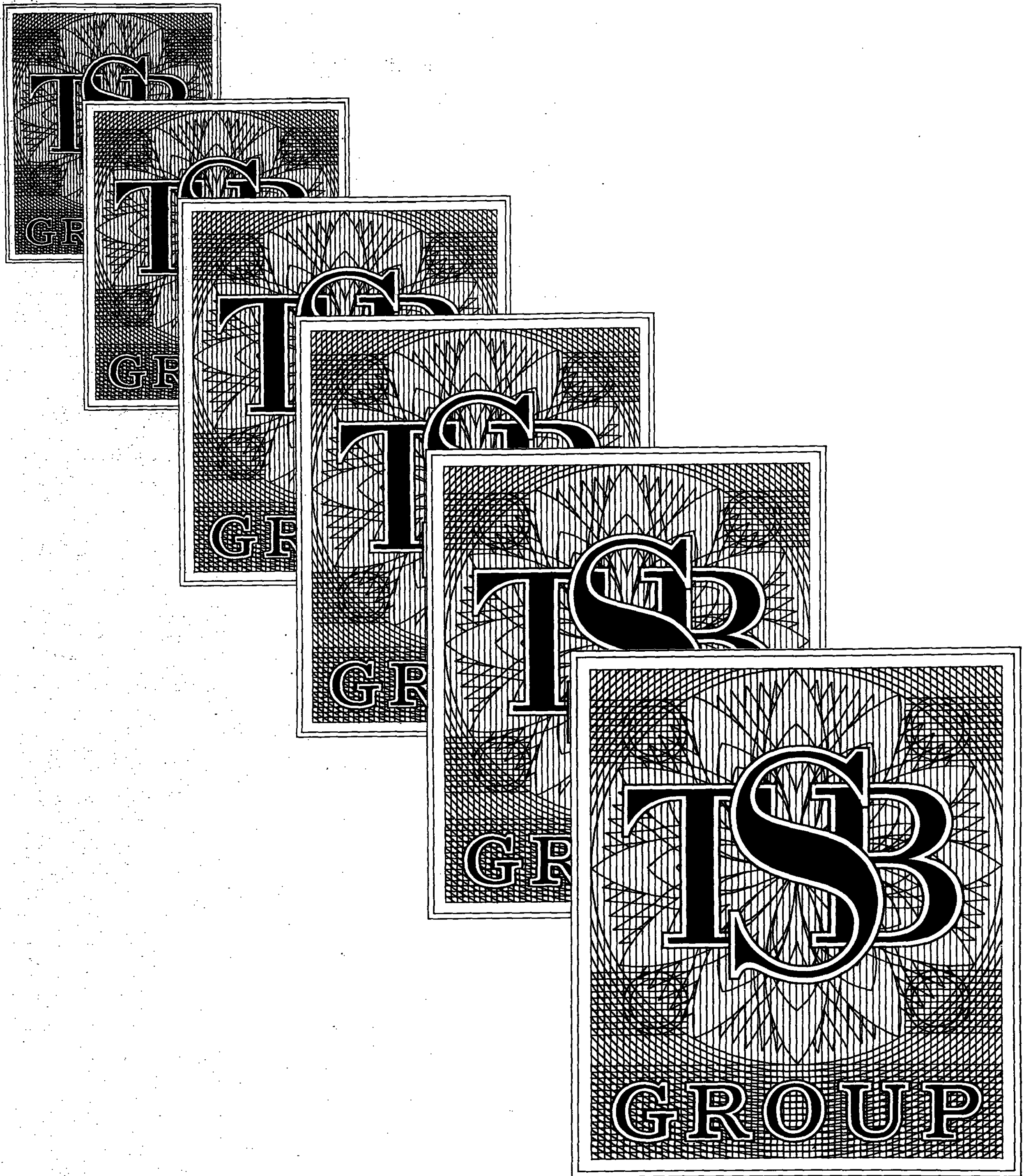
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FT LAW REPORTS

Digest of cases reported in the Easter term

FROM APRIL 12
TO APRIL 26

**Owens Bank Ltd v
Bracco and Another**
(FT, April 12)

The bank applied under the Administration of Justice Act 1920 to register in the UK a foreign judgment obtained in St Vincent while the defendants sought to resist the application on the ground, *inter alia*, of fraud. Before and after the St Vincent proceedings, other proceedings had been commenced in Italy in which the issue of fraud had been squarely raised. The defendants sought orders to set aside the English proceedings on the ground that under the 1968 Civil Jurisdiction and Judgments Convention, the court had to decline jurisdiction. Dismissing the defendants' contention, the Court of Appeal stated that the Convention had no application to proceedings for the recognition and enforcement of judgments of non-contracting states and in particular to proceedings under the 1920 Act.

However, if fraud on the foreign court resulted in the fact that the court had been induced to come to a wrong conclusion, the defendants were entitled to re-open the whole case even where those were the very facts in issue in the foreign court: see *Vadala v Lawes* (1990) 25 QBD 310.

**Smoker v London Fire and
Civil Defence Authority;
Wood v British Coal
Corporation**
(FT, April 18)

In the appeals, the question was whether pension receipts and gratuities were deductible from damages in cases where employees had been injured in work accidents in which the employers had been negligent. In *Parry v Cleaver* (1970) AC 1, the House of Lords held that, in assessing the damages, moneys coming to the plaintiff under a contract of insurance should be disregarded for otherwise the benefit would accrue to the tortfeasor. Refusing to distinguish *Parry* in the present case where the relationship of the defendants was that of employers, tortfeasors and insurers, their Lordships stated that the principle remained the same where the employee had set aside money in respect of his past work through his pension. Those pension benefits were not deductible and the common law principle of double recovery was not involved.

**Hitchins (Hatfield) Ltd v The
Prudential Assurance Co Ltd**
(FT, April 17)

By clause 3 of an endorsement to an insurance policy concerning a housing development, loss was covered which arose out of "any fault, defect, error or omission in design" subject to the proviso, *inter alia*, that no amount should be admitted in respect of any increased costs due to redesigning the property "which is defectively designed". Hitchins claimed under the policy for the costs of re-instating the works of the ground of a sloping site while the insurers alleged that the land slip had occurred due to design defects in the works. The question was whether it was necessary in order to justify refusal of any increased costs to prove that the original defect in design was negligent or arrived at with some such element on the part of Hitchins. In allowing Hitchins' appeal against a first instance decision that "defectively designed" was intended as a reference back and the insurers should not be liable for increased costs due to defect in design, the Court of Appeal stated there was no reason to conclude that the intention was to exclude any increased costs due to redesigning even when the original fault in design was not negligent. There was at least some reason to conclude that the insurers' intention was to exclude such costs where the original fault in design was negligent.

**Lawson (HM Inspector of
Taxes) v Johnson Matthey plc**
(FT, April 19)

The taxpayer parent company made a payment of \$50m to a subsidiary just before the subsidiary's shares were sold to the Bank of England. The payment was made when the subsidiary got into difficulties and the transaction took place at the behest of the Bank of England so that the parent would not have to cease trading forthwith. The Inland Revenue Commissioners refused to allow the deduction of the \$50m in computing the parent company's profits on the grounds that (a) it was not a capital expense; and (b) that it was not paid out exclusively for the purposes of trade. Dismissing the taxpayer's appeal from a first instance decision that the contention of Commissioners was correct, the Court

of Appeal stated while it was true that the parent's purpose was to preserve its own trade, that was not determinative of the capital/income issue. The determination of that issue must depend on common sense rather than on the strict application of any legal principle. *Strick v Regent Oil* [1968] AC 285. The payment of the \$50m in exchange for the shares in the subsidiary was in order to enable the parent to get rid of a capital asset, the continued retention of which would be harmful to the parent. The common sense of the matter was that the \$50m was capital expenditure.

**Foster and Others v
British Gas plc**
(FT, April 23)

British Gas plc was established as a corporate body by statute in 1986 but was made responsible for providing a public service pursuant to a measure adopted by the state. Its policy had been that women should retire at 60 and men at 65 and the appellants employees claimed compensation for unlawful discrimination on the grounds that the policy infringed the EC equal treatment Directive. The House of Lords referred to the European Court the question whether it was a body of such type that the appellants were allowed to enforce their rights against it after their complaints had been dismissed by the industrial tribunal and the Court of Appeal. The sole question thus was whether British Gas provided a public service under the control of the state and exercised special powers beyond those which resulted from the normal duties applicable in relation between individuals. Dismissing the contention of British Gas that it was engaged in commercial activities and was not the agent of the state, the House of Lords stated that it was a public body which provided a public service to citizens generally under the control of the state and had a special monopoly power created by legislation.

Swingcastle v Gibson
(FT, April 24)

In a case where a valuer surveyed a property for mortgage purposes and gave a report for the benefit of the lending principals, liability was admitted in the county court that but for the valuer's negligence, the lender would not have made any loan to the borrower. The sole issue was the measure of damages on the basis that there would have been no loan on a competent valuation. The valuer contended that damages should have been assessed on the basis that the lenders were entitled to be placed in the position that they would have been had they received a competent report and made no loan.

Accepting that contention, the House of Lords stated that the fallacy of the argument, accepted by the Court of Appeal, was that the lenders were entitled to obtain compensation for the borrowers' failure instead of damages for the valuer's negligence. In the absence of evidence as to how the lenders financed the loan or how the money, if not lent, could have been profitably employed, 12 per cent interest was the proper rate at which to recompense the lenders for being deprived of the money that constituted the loan.

World Navigation
(FT, April 25)

In contracts for the shipment of maize, Clause 7 of *Genita 64* provided that buyers should load "in accordance with the custom at port... unless otherwise stipulated". The Centro terms provided that once the vessel was berthed the sellers guaranteed a minimum average loading rate per working day. The vessel was late berthing due to the shipper's documentation having been out of order and the buyers claimed breach of contract and damages for demurrage under the charterparty. The sellers contended that the loading had been completed in time within the Centro stipulation. Allowing the sellers' appeal against a decision of the arbitrators upheld by the judge at first instance in favour of the buyers, the Court of Appeal stated that the law was concerned with legal obligations only and not with expectations however reasonable. *Levack v Woods* [1979] 1 QB 278. The judge had been right that the breach was of a single discrete obligation, but despite the breach, the buyers had received that to which they had been entitled had there been no breach. To hold otherwise would be to make the sellers pay damages for failing to do that which they were not obliged to do.

Aviva Golden

REPORTS
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TELEVISION

Scrambled satellite serves up US soap

A week's monitoring last summer of the output from the Astra satellite, carrying Sky Television, led to the conclusion that viewers were being offered a predominantly American and American schedule. Three weeks later, after a week's monitoring of the output from the Marpo Polo satellite, carrying British Satellite Broadcasting, the conclusion in this column was that, although there were marked similarities, BSB provided more British programmes (original material and repeats of old BBC series) and of particular interest to devotees of this page, an impressive weekend schedule with many hours of arts programmes on the New Channel. Ten months later the companies have merged to form British Sky Broadcasting and the same set of programmes is broadcast via the Astra and Marpo Polo satellites. So what can viewers expect now if they buy a satellite outfit costing £300 in England and Wales and £550 in Scotland and Northern Ireland where a larger dish is necessary?

A week spent with B Sky B these days produces the overwhelming impression that the company title is a misnomer. It should be called American Sky Broadcasting. In its short life BSB commissioned and produced a considerable quantity of British programmes, however high the proportion of imported material in the total output. Virtually none of it seems to have survived the merger. That wonderful conglomeration of weekend arts programmes has vanished without a trace; the BBC repeats have disappeared; the British made soap opera set, *EastEnders*, has gone; and the British series about motoring, health, politics and so on, presented by people such as Robin Day, Selina Scott, and Mike Smith have all melted into thin air.

Today, whatever time you choose to sample B Sky B output, you quickly get the feeling that you might almost be sitting in Pittsburgh or Kansas City. Here are the notes I made last Tuesday after tuning into the satellite just after 9.00 pm and zapping around channels 1 thru 9 (as those of us soaked in American culture say). A Sky B satellite, you'll see, has 33 channels, but 23 of them

are either unused, scrambled, or broadcasting in Japanese or German. Channel 1, Sky One: *Rear View Mirror*, a rather nasty American TV drama (1984) starring Lee Remick as a woman touring in a camper wagon who is taken hostage by psychotic escaped convicts. It is edited in that familiar American fashion which sets out deliberately to make you scream and put your hand to your mouth: the badly who has been run over suddenly reappears at the open window of the truck, for instance.

Channel 3, Sky News: Still the most impressive of the satellite services, and the one most likely to tempt FT readers to buy a dish. The presenters are less formal than their counterparts at the BBC and ITN, and in some cases their interviewing skills are not what you expect from national, never mind international, service. Some of the reporters are less than brilliant too: reacting to news of Rajiv Gandhi's assassination, an Indian woman with tears in her eyes says "I just didn't feel like going to work today" whereupon the reporter asks "What was your reaction to the news?" Yet there is nothing quite like a 24-hour service if you are specially interested in news, and - that futuristic question aside - coverage of the assassination is pretty competent.

Channel 5, Sky Movies Scrambled, and we have still not paid the subscription for the de-scrambler card. This costs £10 a month or £110 p.a. for either of the two film channels (The Movie Channel was added as a result of the BSB merger) or, if you subscribe to both, £15 a month or £165 p.a. At present they are showing an American television drama called *Do You Know The Muffin Man?* about child sex abuse and although the pictures are scrambled the soundtrack is audible. Someone is saying "Venerable disease, did we run? No! We all took tests".

Channel 4, Sky Sports: Soccer, England v Russia live from Wembley. Those without a dish have to wait until 11 o'clock to see recorded highlights on BBC1.

Channel 5, MTV: 24-hour rock video channel. The Bee Gees are just finishing *Secret Love*. Will they still be singing *Stayin' Alive* when they are 65? Just about the best



The Movie Channel shows baseball film 'Eight Men Out': where's the 'British' in B Sky B?

things on MTV are the graphics sequences used for channel identifications; they change frequently, and are not far behind the standard of Globo Brazil, world leaders in this field. The movie-channel programme which follows is American, and sheer putrefaction. There is not even a pretence at the sort of independent view you get on BBC1's Barry Norman programme.

Channel 6, Screensport: American basketball, Portland v LA Lakers, with crowd noise transmitted at such a level that it is virtually impossible to hear the commentators. Channel 7, Lifestyle: News in Japanese with English subtitles. During the daytime this channel carries American soap operas, American chat shows, American game shows and American advertising features. Is there really enough demand to justify these Japanese programmes at night, or is this just an indication of the power of the Yen, and the way that Japanese commerce is building the last of the world's great empires?

Channel 8, The Movie Channel: Scrambled picture, a voice is saying "You do not hate America, do you?" The film is *The Experts* with John Travolta. It flopped when released to the cinemas in 1989 and has since been limited to video and television.

Channel 9, RTL: First of the European channels, this one in German. I check it because late in the evening it shows *Leitender* which appears to be Tyrolean "Carry On"

movies with the profiles and chase sequences interspersed with lots of vigorous and jolly sex. They are very repetitive and sadly unimpressive, but do have the great novelty of not being po-faced and American. However, tonight they are simply doing the Gandhi assassination in German.

This particular night was given an unusually strong British flavour by the football match. Unfortunately Eurosport, the channel formed by a consortium of European public service broadcasters including the BBC, which used to provide the best quality sports programmes on the satellite, has recently been taken off the air. Flicking in and out of the two remaining sports channels for a week or so proves that it is most unusual to come across a live international football match and far more common to find American saloon car racing, American ice hockey, American baseball, American basketball, British snooker, Australian Rules football and Australian rugby league.

Most common of all, however, seems to be American "all-in" wrestling, a ludicrous farago which makes the British version look like the essence of authenticity. When I switched to Sky Sports at 11.15 pm on Wednesday two men called "The Nasty Boys", dressed all in black, had handcuffed a man in police uniform to the ropes and were ostensibly punching his head and kicking him in the buttocks. Their acting was so poor that, whatever angle the cameraman

adopted, you could clearly see the huge gaps between the Nasty Boys' feet and fists and the "police man's" body.

Yet the sense of being wholly immersed in American life and culture is most striking during the daytime. It comes from the language of the old American game shows, set in shopping malls (rhetoric with bells) with prizes of compact automobiles or thousands of dollars, and those peculiarly frank chat shows ("Yuh mean yuh actually helped him select which of your dresses he was gonna wear?"). Above all it comes from the endless "Advertising Feature" programmes where demonstrators, of a sort that you used to see on the ground floor of Gammages in the 1950s, display astounding expertise with plastic contraptions for dicing carrots, or some patent device for painting the panelling on a door. The only British connection is the address where the trusting viewer can send £29.95 plus £4.95 postage and packing.

All this added to the perpetual gush of the drama series creates an image of American culture which is depressingly repellent, especially for someone who has always had great respect for their belief in freedom, lack of hypocrisy, friendliness, willingness to try, and so on. As for the image of "British" Sky Broadcasting - that looks very sad indeed.

Christopher Dunkley

Joe Jackson

HAMMERSMITH ODEON

Few students of the Royal Academy of Music, or any music college, make it in pop. Musically they are over-adeptly, and occasionally they find it hard to cope with the compromises, the hype, the sheer chancelessness of the business.

Joe Jackson is the great exception. But his zealous position as hero to a besotted minority while unknown to the mass confirms that an ability to wander round the stage playing any instrument that comes to hand, to compose melodies for every pop mood, from swing to salsa, is a talent that is rare, sensitive and provocative. Lyrics is conclusive proof that proficiency and pop are rare bedfellows.

He comes on looking like Tin Tin, a thin, balding figure, and settles behind an electronic keyboard to play his hit "Steppin' out" while the other members of the band slip on and gradually join in. The trick is repeated almost two hours later to bring an agreeable but scarcely essential evening to a conclusive end. It is like lifting in a bath of warm water, quite pleasant but rather pointless.

There is no reason why Jackson should have a

dynamic personality or take a committed uncompromising stance on global issues, but his dilettante approach hardly demands a reaction. This is unfair since his lyrics are as angry as those of Elvis Costello, who he sometimes approaches, and right on enough to satisfy every floating trendy. Songs like "In the man" strike all the right attitudes.

Ultimately it is the range of his music which distracts. You settle into a little Latin groove and then Jackson projects you into "It's all too much", which is too clever for a love song, too melodic to prick the skin. It sums up the full extent of Jackson's angst: the variety of choice in supermarkets is "too much".

The band is excellent, with an appealing new recruit in Mandy Johnson beeping up Jackson's vocals with violin, guitar, harp and her own lungs. At the end you wonder why you have not enjoyed the good humour, the wit, the sheer mundanity of it more. You mean to go out and buy Joe's albums, but somehow you never get round to it.

Antony Thornecroft

La Villegiature

LOUVAIN-LA-NEUVE

The francophone theatre's love-affair with 18th century comic intrigues, so bewildering to everyone else, scales a new height at Louvain-la-Neuve, where a specially constructed stadium with an open stage (dimensions: 34 metres wide, 30 metres deep) give a face-lift to one of the most inconsequential examples of the genre.

La Villegiature means "a stay in the country" and that is what Armand Delcamp's production, set in the countryside beyond Brussels, invites. His lakeside stage is a mesh of marble piazzas and canals, gondolas nesting against bridges, and balustrades, fountains and palm trees popping up to form instant wilderness gardens.

In Goldoni's trilogy, Venetian merchants dress up, argue, pose and fall in love, as they prepare to go on holiday, get there and regretfully return. A young girl marries one of them but gives another, burlesque *comaretti* - lusty servants, an elderly aunt and a young fortune-hunter - under the bitter-sweet follies of the central trio.

So much of the plot is a comic coming-and-going, with trunks and crates and birdcages and bathhouses, that it's hard to separate the actors from the props. Delcamp's cast look beautiful and move with Commedia dell'Arte grace and precision. A chase round the stage and up and down the bridges by Cecco (Daniel Hanssens), a Falstaff figure with wheelerbarrow,

takes several minutes and is funny simply because of the size of the set.

The gobs throughout are the comedians, especially Hanssens and Gerard Viviane's foppish Ferdinand, a cunning jester who cues capers in the air while twirling his stick and their inheritance metaphorically round his little finger and sing-songs Goldoni's banal dialogue ("Vive la joie, vive le plaisir, vive la villegiature" in a flutter of mock-eries).

The losses are the more serious roles. Goldoni's comedies - he wrote around 300 - are about numerous gamesmanship, not full-blown passion, but in these dimensions the lovers have to play up bravura displays of turnouts and hysterics, which allow for little subtlety of glance or gesture.

Yet, some fine humour endures here - the lecherous Leonardo (Robert Guimard), locking himself in his trunk, so that a talking *sottosene* is wheeled around the stage, characters knocking at his lid when they wish to address him, and the sheer imaginative scale of the production wins out. The sun sets on the lake, reflections shimmer as sky and plot darken, there's a ballet and a wind-quest and a carriage drawn by wooden horses which come to a halt to the accompaniment of Vivaldi: a perfect evening out, which happens to include a play.

Jackie Wullschlager

Royal Ballet at the Met

The Royal Ballet will return to the New York Met for a two week season from July 8-20, its first visit for eight years. The season will include Anthony Dowell's 1987 staging of *Swan Lake*; Kenneth Macmillan's *Manon*; and a triple Bill which includes Ashton's *Scenes de ballet*; Macmillan's most recent work for the Royal Ballet,

Winter Dreams; and David Bintley's *Still Life at the Penguin Cafe*.

The 80-strong company will include Doreen Russell, Viviana Durante and Bruce Sanson, Irek Mukhamedov, formerly of the Bolshoi, and Principal Guest artist Sylvie Guillem.

The Houston Mozart festival

For its Mozart bicentenary celebration, the Houston Grand Opera staged the last five operas: *Figaro*, *Don Giovanni*, *Così*, *Le Nozze di Figaro*, and *La Clemenza di Tito*. The operas ran for a month, sometimes two at the same time, there are two theatres in the Houston house, holding 2,172 and 1,082.

Planning for the festival began five years ago. The three Da Pontes are revivals of 1986-87 productions by the late Göran Jarvelli and are played in essentially the same set (by Carl-Friedrich Oberle): a spacious Drothingholm-suggested room, differently decked for the various scenes, with two portals on each side and an arch at the back that can open onto various vistas. I thought it - like much of Jarvelli's work - serious but a little dry, schematic, and colourless. Well-known Mozart singers had been engaged: Karita Mattila (Anna and Fiordiligi), Renée Fleming (Countess and Elvira), Deon van der Walt (Otto and Ferrando), Thomas Allen (Count and Giovanni), Renato Cappelletti (Bartolo and Alfonso), Nuccia Focile was a lively Susanna. Christoph Eschenbach conducted all three operas, insofar as I heard them, seriously and well.

The *Figaro* was a revival of Frank Corsaro's 1980 production, in Maurice Sendak's busy picture-book decor, staged this time round by Mr. Sendak himself. My own English translation was used, and I especially enjoyed Robert Orth's very clear words, as Papageno, one didn't need the asper-

titles while he sang. Ewa Malas-Godlowska delivered the Queen's second aria with fiery brilliance. All three performances (I missed the *Così*) were good, but they were "revivals", restaged by assistants. The *Tito* was more vivid, and altogether remarkable, and I confess that on my Houston visit I skipped an act of *Figaro* and much of *Giovanni* to slip across into the smaller theatre and hear and rehearse it with rapturous enjoyment.

Tito was once as highly esteemed as any of Mozart's operas. Cornelia, the 1974 production showed why. So did the Houston production, where one could hear *Tito* in the context and as peer of the other masterpieces. Daniel Heartz, in his moving new book *Mozart's Operas*, calls it "the most modestly up-to-date work that Mozart left". He points out that in 1791 opera seria was not a dead form but a living one, on commission, cynically reverted. On the contrary, everywhere except in Vienna (where the Emperor favoured comedies) it flourished. In 1788 Mozart revised and wrote new music for *Kleopatra*. In subsequent years he composed one great opera-seria scene after another; the *Tito* commission brought him at last the opportunity of writing a full serious opera transcending the opera seria of Paisiello and co. as fully as his *Figaro* had transcended the light-weight charm of Paisiello's *Barbier*. Metastasio's *Tito* was a famous, challenging libretto. Glück, among many others, had already set it. Voltaire had called *Titus* interview with Sextus and his subsequent monologue

"scenes worthy of the finest that Greece ever produced, if not superior... worthy of Corneille when he is not ranting, of Racine when he is not flimsy... scenes founded not on operatic brand of love but on the noble sentiments of the human heart." Mozart set them as such, and in Houston they were played as such. Peter Kazan (emboldened, perhaps, by his recent Met *Tamino*) was the most affecting Titus I have heard since Julius Patzak's, many years ago. Lorenzo (James) was a graduate of the Houston Opera Studio, she is tall and beautiful, with dignity and force and grace in both her physical and her vocal demeanour, and a vocal prowess combined to dramatic instinct which should destined her to be our next instrumental Elvira, then Anna. With "Nymphs di fiori" she held the house spellbound.

Stephan Wadsworth produced, and he had inspired his cast to an eloquence that made one forget that the recitatives are (probably) not by Mozart. Thomas Lynch's set, Dunya Barmova's costumes, and Peter Kazan's lights created a colourful and dramatic Rome seen, in the 20th century, through romanticising late-18th-century eyes. Vegetation softens the grandeur of the classical masonry,



Marquita Lister, a remarkable Vitellia in 'Tito'

but the costumes remind us that, even while this opera (which, like the *Figaro*, presents a model of a responsible, heart-touching tones with Janet Baker-like fearlessness, radiance, and artistic discipline and integrity.

The third principal, Marquita Lister, the Vitellia, was equally remarkable. (Londoners who heard her Bess may already be agreeing, but she was new to me.) A graduate of the Houston Opera Studio, she is tall and beautiful, with dignity and force and grace in both her physical and her vocal demeanour, and a vocal prowess combined to dramatic instinct which should destined her to be our next instrumental Elvira, then Anna. With "Nymphs di fiori" she held the house spellbound.

every part, even the most modest instrumental roles, combines to enhance the most beautiful unity of the whole." This Houston *Tito* was a coproduction with Scottish Opera. May it in Britain prove as thrillingly potent as it was in Houston.

Andrew Porter

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

BARCELONA

Adas de la Musica 21.00 Riccardo Chailly conducts Royal Concertgebouw Orchestra in Haydn's Symphony No 44, Schoneberg's Five Orchestral Pieces and Schumann's Third Symphony. Tomorrow: Bruckner's Fifth (317 1141).

BERLIN

Komische Oper 19.30 Rolf Reuter conducts Harry Kupfer's new production of Carmen. Tomorrow: Idomeneo (2282 333). Deutsche Oper 19.30 Stefan Soltesz conducts Manon Lescaut, also Sat. Tomorrow: Aida. Sun: Giselle (3410 249). Schauspielhaus 20.00 Fabio Luisi conducts Berlin Staatskapelle in Mahler's First Symphony, plus music by Haydn and Stravinsky. Tomorrow: Justus Frantz plays Mozart (2004 762). Staatsoper unter den Linden 19.00 Batakeva Dansk Company Tel Aviv. Tomorrow: Heinz Fricke conducts Der Rosenkavalier. Fri and Sun: Spartacus (2004 762). Philharmonie Kammermusiksaal

20.00 Hartmut Haenchen conducts Berlin Philharmonic Orchestra in Arbert Reimann's Double Concerto (1988/90). Phone Theatreline: Plays 0696 430669 Musicals 0696 430670 Concerts 0696 430691 Thrillers 0696 430692.

BONN

Oper 20.00 Garcia Navarro conducts Verdi's Requiem with soloists Margaret Price, Waltraud Meier, Francisco Araiza and Eilero d'Arigna. Tomorrow: Pelléas et Melisande (773667).

FRANKFURT

Alle Oper 18.30 Dmitri Kjaerko conducts Frankfurt Radio Symphony Orchestra in Ligeti's Malediction, Schumann's Piano Concerto with Andras Schiff, and Prokofiev's cantata Ivan Grozny. Also tomorrow and Fri (1340 400). English Theater Kammersaal 20.00 Alan Ayckbourn's Absurd Person Singular, runs till June 30 (242 3160).

GOTHENBURG

Konserthuset 19.30 Neeme Jarvi conducts Gothenburg Symphony Orchestra in music by Beethoven, Borodin and Lars-Erik Larsson.

LONDON

MUSIC AND DANCE Covent Garden 19.30 David Bintley's new full-evening ballet *Cyrene*, music by Wilfrid Josephs. Also Sat (240 1085). Coliseum 19.30 Tim Albery's new production of Peter Grimes with Philip Langridge in title role, also Fri. Tomorrow: Stephen Oliver's new opera *Timon of Athens*. Sat: The Cunning Little Vixen (836 3161). Royal Festival Hall 19.30 Kurt Sanderling conducts Los Angeles Philharmonic Orchestra in Bruckner's Fourth Symphony and Beethoven's Fourth Piano Concerto, with Richard Goode. Tomorrow: Leonard Slatkin conducts the Philharmonia (928 8800). Queen Elizabeth Hall 19.45 Haydn and Mozart programme with London Soloists Chamber Orchestra. Tomorrow: London Jazz Orchestra. Fri: Northern Sinfonia (928 8800).

NEW YORK

DANCE Metropolitan Opera 20.00 American Ballet Theatre in Twyla Tharp triple bill. Tomorrow, Fri and Sat: triple bill including Raymond Act III (382 8000). New York State Theater 20.00 NY City Ballet in three works by Balanchine plus *Souvenir de Florence*. Tomorrow: triple bill including Peter Martins' *Ecstasy*. Orange, music by Michael Torke. Fri: all-Robbins evening (870 5570).

PARIS

Opéra Bastille 19.30 Myung-Whun Chung conducts Götz Friedrich's new production of Samson et Dalila, with a cast led by Hanna Schwarz, Vladimir Atlantov and Alain Fondary, also Sat and next Mon. Fri: Marek Janowski conducts Orchestre Philharmonique de Radio France (4001 1618). Châtelet 20.30 Anne Sofie von Otter sings Berlioz's *Les Nuits de l'été* with Ensemble Orchestral de Paris conducted by Armin Jordan. Tomorrow: John Eliot Gardiner conducts Mozart's *Motet in C*. Fri and Sun: final performances of Luis Pasquel's production of *Enfance de Jésus* conducted by Gardiner (4026 2840). Salle Pleyel 20.30 Alain Lombard conducts Orchestre de Paris in The Rite of Spring and Debussy's *Prelude a l'après-midi d'un faune*, with Michel Banet soloist in Mozart's *Oboe Concerto*. Repeated tomorrow (4583 0786). Théâtre de la Ville 20.30 Jean Gaudin Company presents La Dame aux Camélias, new ballet set to soundtrack of Calixte Singing La traviata, also Fri and Sat. Tomorrow: Jean Gaudin dances solo (4274 2277).

ROME

Teatro dell'Opera 20.30 Bruno Bartoletti conducts Rigoletto, with Leo Nucci in title role and June Anderson as Gilda, also Fri. Tomorrow and Sat: Puccini's *Iphigénie en Tauride* with Katia Ricciarelli in title role (463641).

VIENNA

Staatsoper 19.30 Ballet triple bill, with works by Balanchine and John Neumeier, also Fri and Sun. Tomorrow: Idomeneo. Sat: Così fan tutte (51444 2960). Fri and Sun at Theater an der Wien: Claudio Abbado conducts revival of Luc Bondy's Vienna Festival production of Don Giovanni, with Ruggero Raimondi in title role and Marie McLaughlin as Zerlina (586 1678). Musikverein 19.30 Vladimir Neumann conducts the Orchestra of the Vienna Musikhochschule in music by Krenke, Bartok and Dvorak, with Tzlimon Barto piano soloist (505 8190). Konzerthaus 19.30 Nicholas Harnoncourt conducts Vienna Symphony Orchestra in symphonies by Beethoven and Haydn, plus Mozart's Piano Concerto No 22 with Rudolf Buchbinder. Fri: Alfred Brendel plays Mozart. Sat and Sun: Chailly conducts the Royal Concertgebouw Orchestra (7124 8880).

ZURICH

Opernhaus 20.00 Carlos Kalmar conducts Ponnelle production of Die Entführung aus dem Serail, with Robert Gambill as Belmonte and Gunter von Kannen as Osmin, also Fri. Tomorrow: Die Zauberflöte. Sat: new production of John Cage's *Europeras* (251 0909).

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Wednesday May 29 1991

Mr Rifkind is stuck in a jam

MALCOLM RIFKIND began yesterday's much-travelled speech on transport with the observation that Britain's traffic congestion is the sum of millions of "free" decisions taken by ordinary people on how they will get from A to B. His speech went on to make many useful initiatives designed to encourage more freight to go by rail, worth-while on environmental grounds but marginal in terms of reducing congestion on the roads. But none of his announcements appears to do anything to change those millions of individual decisions which "seem likely to choke our towns and cities".

Mr Rifkind's description of decisions about transport as "free" will produce a hollow laugh on the 7.45 from Dartford and in cars trapped on Britain's choked roads. As with all economic decisions, freedom of choice about which type of transport to use is constrained by price and availability. Road consumption is free at the point of use and alternatives to the private car are often absent or greatly inferior, so it is hardly surprising that millions of people "freely" choose to jump in a car and join the jam.

Improving the availability of alternatives is not difficult - but it can be costly. London's new cross-river rail link from Paddington to Liverpool Street, for example, will cost £1.4bn for just seven miles. Light rail ways offer a less expensive option and are described by the transport secretary as having the potential to be "quick, convenient and attractive" (a judgment which the users of the London Docklands Light Railway might question).

Cheap options

But apart from mentioning the schemes already planned for Manchester and South Yorkshire, no new projects were announced. At this point in the public expenditure cycle, it would have been unrealistic to expect new announcements involving significant investment in this order. Yet listing two light railway projects agreed some time ago hardly amounts to a "highly significant new initiative".

There are some relatively cheap options which can make

public transport much more attractive, such as the tighter parking controls already in the pipeline. Dedicated bus lanes also improve the attractiveness of public transport, so long as they are kept free of parked cars and delivery vans. Mr Rifkind plans to encourage more routes which penalise illegal parking and ban deliveries and this will certainly assist buses on the chosen routes. However, past experience suggests that priority routes merely transfer congestion elsewhere and may even encourage more car journeys in the absence of disincentives.

Road pricing

And it is the absence of disincentives for road use - a price to pay for using a commodity in limited supply - which is so disappointing. All that Mr Rifkind could announce was further research into urban traffic congestion, which would include an assessment of the possible role of road pricing. This research will take two to three years.

Arguably the market for road-pricing research is already saturated, with academic research supported by policy papers from leftwing and rightwing think tanks to provide broad political support. And the city of Cambridge has decided to go ahead with a road-pricing scheme to solve its intractable congestion. This is a promising initiative, not least because the size of the city and its limited road connections to the outside world make it an ideal test-bed. At the very least the government should lend its support and encouragement to the Cambridge experiment and do its best to ensure it does not fail.

Mr Rifkind is right to focus on the individual decision to use road space in seeking to tackle traffic congestion. But by shelving the issue of road pricing in favour of further research, the day is postponed when supply and demand can be brought into balance. This is a promising initiative, not least because the size of the city and its limited road connections to the outside world make it an ideal test-bed. At the very least the government should lend its support and encouragement to the Cambridge experiment and do its best to ensure it does not fail.

If Mr Saddam stays put

BRITISH and US policy towards Iraq is in a muddle. President George Bush and Mr John Major have declared that UN economic sanctions against Iraq must remain in force until President Saddam Hussein is removed from power. The essence of the policy is to let Iraq stew in its misfortunes until one of its cronies is forced to overthrow him. Most people, including the Iraqis, are as keen as Mr Bush and Mr Major to see the Iraqi leader replaced as soon as possible, but the Anglo-American strategy looks wrongheaded on several counts.

For a start, Britain and the US do not enjoy the support of the other permanent members of the UN Security Council in their efforts to shift the sanctions goalposts. As the Soviet ambassador to the UN is right to point out, the sanctions are against Iraq, not against Saddam Hussein.

Second, the argument widely employed last year against prolonged sanctions (and in favour of a drive to drive out of Kuwait) remains as powerful as ever: it is the Iraqi people, not the privileged elite in the ruling Ba'ath party who suffer from sanctions, and they have no democratic means of translating their resentment into political action.

Revised view

The revised Anglo-American argument goes something like this: with sanctions in place the regime will have no money, and without money it will not be able to buy the loyalty of its supporters. One of Mr Saddam's associates will take control of Iraq. The country will still be gratingly united but will have been rid of an embarrassing and destabilising leadership. UN resolutions have helped to frame, rather than the demand for his removal, because Resolution 678 authorises UN members "to restore international peace and security in the area" and Resolution 687 says sanctions will be reviewed "in the light of the policies and practices of the government of Iraq". President Saddam, in sum, is bad policy, bad practice and bad for peace and security.

This policy is faulty not because of its aim - the overthrow of Mr Saddam - but

because it undermines the authority of the UN by stretching the wording of UN resolutions. Mr John Major does it to explain what alternative there is to a humiliating Anglo-American climb down if the Iraqi leader survives, as he has a habit of doing.

Reversed argument

There are already signs that his government is beginning to regain a measure of confidence after crushing the post-war uprisings in the Shia Moslem south and the Kurdish north of Iraq. Mother Teresa is due to visit the country this week at the invitation of the authorities. Kurds are finding it more difficult than expected to secure an agreement for an autonomous Iraqi Kurdistan (whose safety they fondly hoped would be guaranteed by the introduction of democracy throughout Iraq), and Mr Ali Hassan al-Majid, one of Mr Saddam's ministers, has cleverly turned the sanctions argument on its head by saying that democratisation will have to wait until sanctions are lifted and Iraqis have enough to eat.

Dealing with Iraq in the aftermath of the allied victory was never going to be easy. America's numerous critics in the Middle East swing widely between blaming western interference for the region's problems and demanding more interference in support of their own aims. Kuwait's human rights abuses and lack of leadership have taken the shine off the allied victory, and the Gulf states are in complete confusion about their future security.

All the more reason, then, for the west to stick to the letter of the UN resolutions it has helped to frame, rather than using UN sanctions to pursue the understandable but probably impractical attempt to overthrow President Saddam by economic pressure alone. The sanctions should be used as a lever to ensure the destruction of Iraq's military arsenal and to prevent the murder of Iraqi Kurds and other citizens. Sanctions lose most of their leverage if the Iraqi president cannot have them lifted by complying completely with UN resolutions.

South Africa is passing through a kind of political puberty. Apartheid delayed its onset, treating blacks as minors with no political rights or responsibilities, allowing whites to rule supreme without interference from the ruled. Now apartheid's iron grip has been relaxed, and the growing pains have begun. In the bloodied streets of black South Africa, the battle is on for power in the post-apartheid era.

South African political leaders strut and fret daily over the violence which has attended apartheid's demise. But behind the apparently petty disputes, the tantrums and the ructions, which have marked South African political life in recent months, there has been a pronounced shift in the balance of power. Conservative whites within the police have fought their corner with vigour, sometimes with the active or passive assistance of government. The Inkatha Freedom Party has provoked a surge of Zulu nationalism which has carried the party to national prominence; as a result, the African National Congress - the least belligerent of the parties, and the most vulnerable - has suffered grave political damage.

Fifteen months ago, when Mr Nelson Mandela, ANC deputy president, was released from prison, there were two main players on the South African political stage: the government and the ANC. Now there are three, for the violence has demonstrated that South Africa will find no political solution without the participation of Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha party. Before the killing started, anti-apartheid activists dismissed him as a regional leader of little consequence; they have now been taught to think otherwise.

There can be no doubt that, at least on one level, violence has served the political needs of the ruling National party and of Inkatha. The government ministers deny, with predictable vehemence, that Pretoria's own police have played an important role in the killings; but the weight of eye-witness accounts, and the evidence of endless television footage, is overwhelming.

Police have sometimes shot Inkatha supporters, restrained them and occasionally disarmed them. But in many more cases, they have looked away as Inkatha attacked, or trained their guns on ANC sympathisers. It does not take much to ignite tribal and political hatred in a black township: in the current circumstances tensions are always near the surface. Some rightwing members of the police have clearly exploited this to their advantage.

Support for the ANC has suffered. Inkatha violence has stirred ethnic fears in almost every South African community. Most victims have come from ANC ranks: "People are beginning to say, if we join the ANC we will be killed," says one senior ANC official. Indians and Coloureds, who might have supported the ANC's policy of non-racism, are now looking to the National party to protect them. Zulus who owed a loose allegiance to Mr Mandela as a national hero are falling back on the narrower Zulu nationalism of Inkatha. Even some

As violence continues South Africa's balance of power has shifted, writes Patti Waldmeir
A bloody transition

Battle front: armed protesters confront a policeman in Soweto

members of minority tribes are turning to Inkatha: in the lawless atmosphere of the townships, the image of the warlike Zulu dressed for battle is a powerful one.

Indeed, as one senior Nationalist argues: "The violence made the point that apartheid failed to make: that the problem of ethnicity, black ethnicity, is real in South Africa." The implication is that violence has demonstrated the need for power-sharing in a society of multiple races, tribes and cultures. And it has yielded a chastened ANC - one which Pretoria clearly prefers as a more realistic negotiating partner.

But the price of the ANC's

ship violence by outlawing inflammatory displays of Zulu militancy.

The ANC can rightly claim credit for this hour. Mr Mandela effectively forced Pretoria to impose it by carrying out his threat to block talks on a new constitution. Indeed, over the past six weeks, the ANC's tactic of imposing successive ultimatums on government appears to have paid off: outwitted and outmanoeuvred by the Nationalists consistently since talks began, the ANC has now succeeded in grasping the negotiating initiative from Pretoria. Its new tough line is also helping its image in the townships, where - in the words of

one senior ANC official speaking before the change in strategy - "90 per cent of our supporters think we've sold out."

Though it plays well in the townships, the ANC's decision to boycott constitutional talks is largely symbolic. No such talks are under way, and little progress in planning them was expected before the ANC elects a new leadership at its national conference in early July.

Indeed, the prospect of that election could help to explain the ANC's new militancy: ultra-radical local activists will dominate the electorate at the conference; the ANC's leadership must prove its own radical credentials now - or risk being voted out of office.

But the anger evident among

To tame the violence black leaders must summon the political will for restraint

chastisement has been high. "It [violence] is just harming us now, it is hurting business confidence and undermining support for a new constitution, not to mention the human suffering," says the same Nationalist.

In recent weeks, Pretoria has finally begun to demonstrate the political will to stop the killing. It has banned the carrying of dangerous weapons in unrest areas, including the ANC's new militancy; the implements of 19th-century warfare (the knobkerrie, the assegai, the pangas) which the Zulus insist are part of their traditional dress. If rigorously enforced, the ban should reduce the potential for town-

ANC leaders is not merely feigned for electoral purposes. "To the whites in general, the life of a black man is cheap," says a senior ANC official, repeating a complaint which is made throughout the organisation's ranks. Government officials counter that almost all the killing has been done by blacks themselves. "We've done all we can to stop it, but they just keep killing each other," is the private refrain from Pretoria's ministers.

The fact is that none of the belligerents has yet done enough to halt the bloodletting and their recent obsession with the issue of "cultural weapons", while not unimportant, has diverted attention from a more central problem: the behaviour of the security forces. Mr Mandela himself admits that there are problems in the police and army who act with professionalism and impartiality - including the police commander in Soweto itself. But President F W de Klerk has simply not done enough to drag the rest of the force kicking and screaming into the new South Africa.

Police officers found guilty of participating in recent township massacres have not been prosecuted. Local commanders who side with Inkatha are not sacked, or moved from township duty. Township deaths are rarely investigated thoroughly, and charges seldom brought. All of this must change if the violence is to be controlled.

But as Mr Ken Owen, South Africa's most prominent political commentator, points out in a recent article, orders from the president alone cannot restore law and order. "The sad fact of the matter is that the SAP (South African Police), as an instrument of order, is largely ineffectual. It has been profoundly corrupted, first by apartheid and then by the regime of the 'securocrats' (the government of former President P W Botha), and the damage done is compounded by the loss of legitimacy, poor training, meagre manpower." He concludes that the police are incapable of ending violence except by paramilitary means - "in effect, large-scale massacres" - a South African habit which no party, least of all the ANC, would wish to revive.

South Africa's black parties, too, cannot shirk responsibility for the continuing violence. They can blame apartheid for the culture of political intolerance which they have inherited from whites; but if intolerance is not their fault, it is a legacy which they cannot escape. To tame the violence black leaders, too, must summon the political will for restraint.

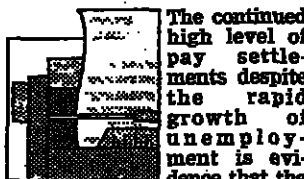
The danger is that, although the genesis of the violence is political, politics alone may not be enough to halt it. For the legacy which has reverberated through tribal animosities provided opportunities for criminals and set off cycles of revenge. At its worst, it is simply inexplicable, bestial and terrifying beyond words.

South Africa is not Beirut, or even French-ruled Algeria; the scale of the slaughter has not reached those levels. But for the moment, violence has blocked the path to a post-apartheid future. Apartheid repression has given way to a climate of intolerance and fear; for black South Africa, it has proved a poor exchange indeed.

PERSONAL VIEW

Too high a price

By John Grieve Smith



The continued high level of pay settlements despite the rapid growth of unemployment is evidence that the inflationary nature of the British pay bargaining structure will remain unaltered. The reduction in capacity during the recession will mean that any significant recovery is likely to lead to an acceleration of the wage-price spiral.

There is a growing feeling that it is time to consider whether there is a better way to tackle inflation. Whereas any form of pay policy was virtually taboo a year or so ago, the trade unions, the Labour front bench and the prime minister's policy unit are now all gingerly exploring the possibility of reforming the pay bargaining structure.

Why has the wage-price spiral been so intractable? It is difficult to attribute it any longer to excessive trade union power. The basic problem is rather that individual wage negotiations are governed entirely by the immediate interests of the employers and employees involved, and take no account of their wider impact on the general level of prices. This failure has been accentuated by the trend towards decentralised pay bargaining and the emphasis on productivity deals. Firms in industries with high productivity increases, or in service sectors which are not subject to foreign competition, negotiate high pay increases which then spread throughout the economy. The resulting increases in money wages are far greater than the average increase in productivity, and prices in general inevitably rise.

The only positive way to tackle this problem is to find a means of getting both employers and unions to take account of the wider implications of their pay negotiations. There is growing acceptance of the need for greater co-ordination, but differing views about how this should be achieved. The first essential is that the government of the day, the TUC and the Confederation of British Industry should hold discussions to agree on a general pay policy as a framework for individual negotiations.

In my view, however, such an agreement is unlikely to be effective without some arrangements first to monitor what is going on, and then to bring pressure to bear on all concerned to reach settlements

in line with the agreed policy. For the essence of such an agreement is that individual groups of workers hold back because they are confident others will do likewise. Such confidence is essential: the problem is to devise the appropriate machinery to ensure it without returning to a regime of statutory compulsion. For such a regime is now generally regarded as unfair in principle, as it only covers those whose pay scales are settled by collective bargaining, and dangerous in practice, because any major disputes that threaten to break through the policy become a challenge to the government or to the law.

A new approach is needed. One way of tackling this would be to set up a Pay Advisory Commission to monitor pay claims and settlements. It would have the authority to make representations to both parties in any pay negotiations, and to give them advice during any recourse to conciliation. It would cover both the private and public sectors and in providing a source of independent advice in public sector negotiations and to the Pay Review Bodies (which should be amalgamated).

The commission would not have any statutory power to impose settlements or act as final adjudicator. But it would have the power to refer a dispute to binding arbitration. Such arbitration would take into account the agreed national guidelines, and the commission would act as a "friend of the court" in the arbitration proceedings. This power to refer disputes to arbitration should be used only sparingly, but it would as a last resort provide a means of avoiding (or minimising) damaging and unpopular industrial action, particularly in the public services, and containing attempts to breach the policy.

Both unions and employers are understandably concerned at the constraints any such moves could place on their freedom to negotiate in what they consider their own best interests. But both have also a great deal more to lose if the alternative means of attacking wage inflation involve heavy casualties in the form of job losses, plant closures, and bankruptcies. And on a wider plane, there is a more fundamental political and moral issue facing the main political parties: are we going to restore full employment as an essential economic objective or are we going to accept the return of mass unemployment, once banished, as a permanent and essential feature of our economic system?

* The author's report, *Pay Strategy for the 1990s*, IPPF, 30-32 Southampton Street, London, WC2E 7PA, £7.50. The author is senior tutor of Robinson College, Cambridge.

Destination unknown

The biggest surprise about Jean-Marie Folz's departure from the deputy chief executive's slot at Pechiney, the French state-owned aluminium and packaging group, is that no-one knows yet where he is going.

Folz's career has been an unbroken ascent through the classic training grounds of the French elite, from the Ecole Polytechnique and the School of Mines, through various ministerial offices, to the top ranks of public and private industry. Highly esteemed by the portfolios of the French industrial establishment, such as Jean-Louis Beffa, the chairman of glass and construction materials group Saint-Gobain, Folz is widely reckoned to have been the man actually running Pechiney, while chairman Jean Gandois divided his attention between France and Belgium, where he also heads the Cockerill steel group. In recent months, however, Folz seemed unhappy about his lack of authority over American National Can, Pechiney's newly acquired US subsidiary.

A month ago he could have expected a helping hand from Roger Fauroux, industry minister in the last French government and himself a former Saint-Gobain chairman. But Fauroux himself has been out of a job since the change of government two weeks back.

Moreover Folz looks to have the wrong political colouring for a state-sector chairman under the government of Edith Cresson, even though he shares with the new prime minister a spell with the Schneider group.

Golden egos

American Barrick's Peter Munk is one of those larger than life figures in an industry that seems increasingly dominated by accountants and bankers. He has made and lost

OBSERVER

several fortunes along the way, and like Sir James Goldsmith is a friend of Lord Hanson and thinks of himself as a big picture man.

Having emigrated to Canada from Hungary in the 1950s, 33-year-old Munk is more comfortable talking about French wines and the ski runs at Klostertal than about the nifty-gritty of gold mining. An early hi-fi venture was a disaster, but a move into hotels down under with help from Sami power broker Adnan Khashoggi was more successful.

Nevertheless it is in the gold industry that Munk has really made his name. Early plans to make a bid for Consolidated Gold Fields (now part of Hanson) were laughed out of court. But Munk has transformed Barrick from a struggling upstart into a major and respected player.

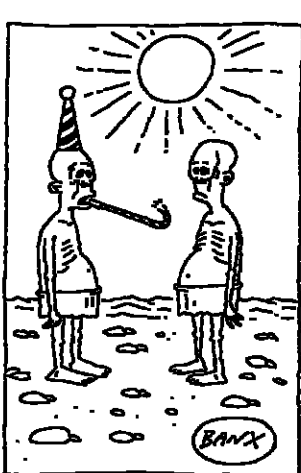
It will be interesting to see how well he works with the predators' predator, Sir James.

Flag furled

The Union Jack is being hauled down in Hong Kong six years ahead of the colony's reversion to China in 1997. While people have been celebrating on the eve of the flag's removal, the flag has been hoisted to reality and started removing the flag from the tall fins of its 42 jets.

The excuse is that there is less of a case for the 45-year-old airline to fly the flag now that Hong Kong is taking over air services agreements previously held on its behalf by the UK.

The real explanation is that it was clearly impractical suddenly to remove the flag from all the aircraft on the handover night of June 30 1997. So someone hit on the idea of doing it as aircraft paintwork is over-



"I'm celebrating the end of the war."

hauled. Four planes have been fixed so far, and the rest will take three or four years.

There's also a hidden reason for the hurry. If no Union Jacks are displayed in the immediate run-up to 1997, there will be fewer grounds for China to press that its flag should appear instead. From now on, Cathay's spokesman says, the airline will be showing a "clean green tail".

Fickle trade

Take two City public relations men who entered the House of Commons in the 1970s on opposing sides. Both are around 50. One is now a knight and quietly bowing out of politics in order to pursue his business interests. The other is pondering the most important decision of his career.

Sir Ian Wrigglesworth - who used to be the public voice of National Girobank before he slipped into parliament first for Labour, then the SDP - has decided to become a full-time businessman rather than gamble on retaking Stock-

ton South for the Liberal Democrats. He is deputy chairman of Livingstone Group, a privately-owned Middlesbrough firm with developing links on the Continent.

The other ex-City PR man, of course, is Prime Minister John Major.

Wrong again

For a brief moment yesterday, the UK's oft-criticised Central Statistical Office seemed to have worked a minor miracle.

Just two months into the second quarter, and the CSO had apparently produced full national accounts figures for the first quarter of 1991. Margaret Thatcher would have been proud of such efficiency.

Unfortunately, as things turned out, the CSO was back to its bad old ways. The cover and contents page of the latest issue of Economic Trends (price £11) were wrong. All that was really on offer was full figures for the first quarter of last year. Statistical buffs will have to wait till June 24 for the real thing.

Spiels on wheels

A colleague had a bizarre conversation with an open-topped Rolls-Royce parked on London's Jermyn Street the other day. As she approached the vehicle along the footpath, a computerised voice shouted in an American accent: "Stay away from the car!"

Inquisitive, she took a step nearer, but the car grew even more agitated. "Perimeter violation," it screamed, twice. "You can't threaten me," she retorted. But it did. "If you do not move away from the car, the alarm will sound," it said. "Five... four... three... two..." She backed off.

"Thank you," the car said.

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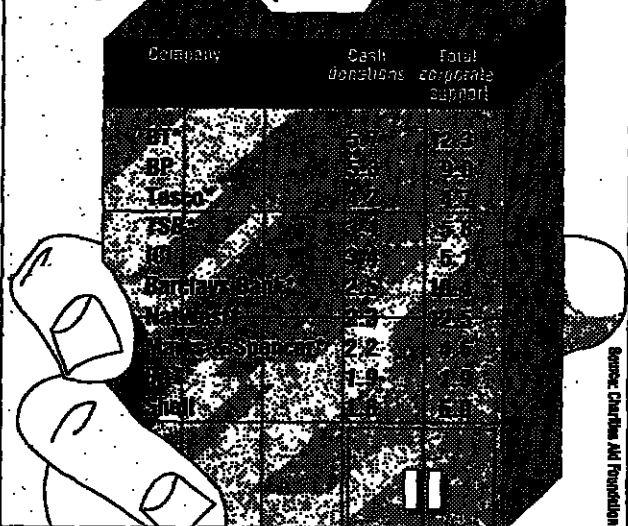
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Council cuts and a fall in giving are taking their toll on Britain's voluntary sector, says Alan Pike

Sweet charity turns sour

Top ten companies giving to the voluntary sector 1989/90



increase in the VAT rate from 15 to 17 per cent will cost the sector an extra £10m.

For many voluntary sector leaders, the VAT blow undercuts the government's initiatives in payroll giving and gift-aid schemes.

"One of the government's Budget measures lifted the 5m tax limit on donations through the gift-aid scheme," says Mr Julian Hopkins, director of Care Britain, an overseas charity. "It really is a bit of a joke. I don't believe many charities have had the problem of people wanting to give them more than £5m lately. My problem is that I will have to raise another £100,000 in voluntary donations just to pay our higher VAT bill."

The looming financial collapse of sections of the voluntary sector comes as the government is anxious that it should grow and take over welfare responsibilities on contract from statutory agencies. This objective surfaced again most recently in last month's consultative document on local

ment Foundation, which promotes community involvement in regeneration projects, warned in a recent report that contract funding would "drive a wedge between professionalised service organisations, which can work to standardised contracts", and smaller groups.

Mr Pesh Framjee, a charities consultant at Binder Hamlyn, the accountancy firm, and the co-ordinator of the Charity Finance Directors' Group, which provides a forum for financial managers from about 200 charities to exchange views, believes the outcome may be more positive. "I hope the big charities might subcontract to smaller ones, rather than try to dominate all service delivery in particular fields."

There is growing appreciation within charities of the need to eliminate unnecessary costs, improve managerial efficiency and training and develop clearer priorities. Mr Framjee's group is working on several basic initiatives, such as a car purchasing co-operative to give voluntary organisations stronger buying power.

Next month, the NCVO will publish a Voluntary Sector Manifesto, setting out its framework for 1990. It will emphasise that central government funding will remain a "crucial and irreplaceable component" of income if the voluntary sector is to widen its role. The manifesto will call for a government-promoted code of good practice on public funding of voluntary organisations. This would set out "reasonable expectations" in the funding relationship, devise mechanisms for avoiding conflicts of interest, and acknowledge that charities need sufficient funds to deliver services and to run efficient organisations.

The manifesto will call for the immediate introduction of the government's Charities Bill which will give the Charity Commissioners powers to tackle abuse and strengthen financial management - and wider VAT and business rate exemptions. The NCVO and the commissioners hope the bill will be enacted during this parliament.

The most urgent challenge is the need to boost individual giving. Directors of a group of the biggest charities will next month consider a joint marketing campaign to promote the concept of charitable support in a more concerted way. If successful, it could make the sector less dependent on public funds - but it would be costly, and, paradoxically, may get off the ground only if the government helps finance it.

Edward Mortimer

In touch with the Dutch

European political union will be forged under the leadership of a divided government which lacks a strategic vision



FOREIGN AFFAIRS

In just over a month's time the Netherlands will assume the presidency of the European Community.

The presidency changes every six months, and as a general rule more fuss is made about it than it really warrants. It is, of course, a good "peg" for newspaper articles charting the Community's progress, and highlighting the role of one particular member state. In the next month you can expect to see quite a few articles on the Dutch role in Europe. I am getting mine in early.

The Dutch role is twofold. First, I was in The Hague last week for a conference on parliamentary democracy and international security policy, sponsored by the Dutch foreign and defence ministers. Second, the next day I was in Brussels for a meeting of the EC's Council of Ministers. The Dutch role is twofold. First, I was in The Hague last week for a conference on parliamentary democracy and international security policy, sponsored by the Dutch foreign and defence ministers. Second, the next day I was in Brussels for a meeting of the EC's Council of Ministers.

A compromise is perhaps now in sight on economic and monetary union, if the British government accepts the loophole of being allowed to reserve its own position while others commit themselves to a fixed timetable. But the nature and scope of political union remains the object of bitter disagreements, as well as considerable confusion.

The Dutch do not seem well placed to thrash out a compromise, because on two key issues they are nowhere near a median position, but way out on a limb. On defence they are extreme Atlanticists, even fiercer than the British in their determination that European defence be organised only within Nato, and that the EC do nothing which might look like trespassing on Nato's domain. But whatever the EC does do it wants to do it in its own right, using the supranational institutions - Commission, Council of Ministers, Parliament, Court - bequeathed to it by the Treaty of Rome; whereas both Britain and France wish to keep foreign and security policy as a matter

for discussion among national political leaders, who meet as the European Council and take decisions only by consensus.

The fervent Atlanticism of the Dutch has come as a surprise to those who remember the great difficulty the Dutch government had, in the early 1960s, in agreeing on and sticking to its decision to accept US cruise missiles on its territory - a decision opposed by a massive and highly-articulate peace movement. Is it the same country which joined in the Gulf war with such enthusiasm, encountering very little domestic opposition?

It is. The Dutch as a nation were never pacifists, not even anti-American. But their approach to foreign policy tends to be moralistic rather than strategic. They feel the same moral qualms as everyone else about nuclear weapons. Many Dutch people saw

which led to the abolition of all intermediate-range nuclear forces, one may guess that most ordinary Dutch people agree with the Slovak speaker who replied that the Soviet SS20 intermediate-range missiles around his home town had been removed not thanks to the western peace movement, but because cruise and Pershing-2 missiles were deployed in western Europe.

The Dutch remember, with a certain discomfort, the reaction made by their foreign minister in 1986, first to prevent the Erasmus Prize from being awarded to the Czechoslovak human rights group Charter 77, and then to censor the reading of Vaclav Havel's acceptance speech in the presence of the Dutch royal family, which he feared would damage the country's *détente* policy and undermine its relations with Czechoslovakia. That, of

The Dutch do not seem well placed to thrash out a compromise on political union, because on two key issues they are nowhere near a median position, but out on a limb

course, cannot be blamed on the peace movement, which gave much more active and timely support to Havel and other east European dissidents than did any western government. But the memory of that episode, combined with the resurfacing of old, largely unspoken fears about Germany, adds to a general sense that the sudden triumph of anti-communism in eastern Europe has caught all those who made east-west *détente* their main priority on the wrong foot.

It is the same foreign minister, Hans van den Broek, who is now the main architect and spokesman of the country's Atlanticist stance, jealously guarding Nato against any invasion of its sphere of competence by the EC. He alone, at the February ministerial meeting of the Western European Union, blocked an emerging consensus - that "the conclu-

sions of the European Council on the principles and orientation of the common foreign and security policy would serve as a guideline" for WEU co-ordination in the defence field - which even the British government was willing to go along with.

Mr van den Broek, who some say aspires to be Nato's next secretary-general, is as adamant that the WEU must develop only within Nato as the French are that it should develop only outside Nato, as part of a specifically European framework. On this point he differs from his Labour colleague Rens ter Beek, the defence minister, who sees the proposed creation of a WEU rapid-reaction force, even if composed of units allocated to Nato and deployed only after consultations within Nato, as "a major step in the gradual development of European political union".

Mr van den Broek also opposes any increase in the powers of the European Council, partly on Dutch constitutional grounds. He wishes to preserve European policy as the domain of his own ministry, rather than allow it to be taken over by the prime minister who is supposed to be only *primus inter pares*, but who of course represents the country at European Council meetings.

But the prime minister himself, Mr Ruud Lubbers (a fellow Christian Democrat), is known to have different views. If Mr van den Broek aspires to succeed Manfred Wörner at Nato, Mr Lubbers is believed to have his eye on the succession to Jacques Delors. Should he realise that ambition, no doubt he will become an eager defender of the Commission's prerogatives. But in order to get there, he needs the support of his fellow heads of government; and it is between heads of government - whether in formal meetings of the European Council or in a series of bilateral discussions - that the final compromises on the form of European political union will have to be hammered out.

Mr van den Broek is a strong personality, who so far has been able to stamp the Dutch position firmly with his own views. But the special responsibilities that come with the presidency may enable Mr Lubbers to have the last word, no matter what the constitution says.

LETTERS

No legal problem in banning tobacco advertising in the EC

From Mr Michael O'Connor.

Sir, Your editorial ("Pipe dreams in Brussels", May 23) accuses the European Commission of using "questionable methods" in proposing a draft directive to ban tobacco advertising but you fail to provide convincing legal arguments.

There are differences in national regulations concerning tobacco advertising in magazines and posters. They constitute a barrier to trade. Therefore, the proposal, based on article 100A of the Treaty of Rome, is a legitimate basis for implementing a measure aimed at harmonising regulations in the interests of creating a single market.

You go on to state, without argument, that it is debatable

that any member state could invoke Article 36 to keep out material which did not abide by national regulations and you thereby imply that harmonisation is not necessary. Resources to Article 36 is available to member states in the absence of a harmonising regulation and they would have a very strong case for invoking it in this instance as one of the grounds for its use, public health, is clearly at issue in the case of tobacco advertising.

This proposal does not open the way for bans on other advertisements. It breaks no new legal ground. There is little parliamentary or public support for other bans, whereas in 1987 a public opinion survey showed that 74 per

cent of people questioned in the UK supported a ban on tobacco advertising. The European Parliament has also voted for a ban. Two member states have banned tobacco advertising and two more are doing so to help cut the death toll of 450,000 caused by smoking. The Norwegians have proved how a ban reduces smoking among teenagers. The UK led the world in research on smoking and health, and indeed on health education, but I hope we do not hold back the Community from acting to protect young people's health and securing a single market.

Michael O'Connor, director, Community Prevention Group, 10a Gloucester Place, W1

Computers out of control

From Dr Stephen Castell.

Sir, We, too, have observed that, increasingly, major computer software development projects run out of control ("In pursuit of an untamed beast", May 24).

It will be interesting to see just how many such large-scale "runaways" (as KPMG Peat Marichal describes them) result in litigation which actually gets to court. Perhaps it would be a good thing if a few more did. We estimate that there may be as many as 40 projects at the £2m-plus level (once "runaways", and now rusting in the sheds) which could qualify.

A legal judgment or two might provide the motivation for computer professionals, salesmen and their legal advisers to tighten up the management of the whole process of software development (particularly, perhaps, where fixed-price contracts are concerned).

As has already become clear in the field of financial analysis and audit relating to civil and criminal court action - forensic accounting - a similar set of techniques for the investigation, evaluation and presentation of complex software development projects needs to be applied if lawyers and judges are to have a hope of understanding the relative merits of protagonists' contentious positions.

Stephen Castell, Costell Computer and Telecommunications, 20 Orange Road, Wickham Bishops, Witham, Essex

Having to take a 'rounded view' of bank charges

From Mr Lynn Lewis.

Sir, There are more areas in which business customers than by hiking their lending margins.

For my private company I negotiated hard with National Westminster to pay 1.5 per cent above bank rate for overdrafts - so the bank has found another method of taking money off us. It has just told us that for last year the charge for each cheque we paid was increased from 45p to 50p (up 10 per cent) and for handling £100 cash increased from 45p to 50p (up 10 per cent). It has ignored our written request for a published tariff.

so that we can find out if this excessive percentage increase was standard or whether we were being singled out; and it has ignored our request for it to tell us what the charges will be this year, but says they are all part of its "ongoing central review of overdrafts".

The bank says that our bargaining to get reasonable interest rates means that our account is run at a loss, which National Westminster must recover on the transmission charges. "Take a rounded view of the topic," it wrote to us, making me aware that all our negotiating (for which it charged a "management fee") was pointless. The only way for small busi-

nesses to deal with the banks is to insist on agreeing in advance the charge for every service, and being invoiced for it, in the same way as we deal with all other suppliers. Otherwise, there is always a door open for the bank to deduct money from our accounts.

Lynn Lewis, managing director, Nauticella, Ferry Lane, Shepperton-on-Thames, Middx

Fax service
LETTERS should be based on 071-473 5524. They should be clearly typed and not handwritten. Please send a return address for the resolution.

Points missed in criticism of the IAEA study of Chernobyl

From Dr R H Taylor.

Sir, In his headlong rush to find reasons to dismiss the report of the International Atomic Energy Agency's study into the impact of the Chernobyl nuclear accident on human health, Simon Roberts (Letters, May 23) neglects a few key points.

First, the report carefully states that it deals only with the health of those people living in the so-called controlled zones affected by radiation from the accident. It does not purport to draw conclusions about workers involved in the clean-up at and around the plant, or those who were evacuated immediately following the accident. This was clearly stated in the report and even Mr Roberts' "brief analysis" might have been expected to unearth this simple point. In fact, it is worth mentioning that figures were given at the IAEA conference in Vienna last week by Soviet delegates which appear entirely to refute the allegations of large numbers of radiation-related deaths having occurred among the workers involved in the clean-up operations.

Second, it is quite true that most radiation-related health effects would not yet be expected to show up because of the

long latency periods between exposure to radiation and the development of clinical symptoms.

This has not, however, been quite so widely understood by those who have published unscientific, anecdotal reports of large numbers of radiation-related diseases occurring among those living close to Chernobyl. It is somewhat disingenuous to suggest that the IAEA should not look at these matters when such strong (and false) allegations have already been made.

It does not reflect well on Friends of the Earth to attack in such an ill-founded way a

major scientific study carried out by a large number of independent radiation specialists and medical experts from many countries. It would probably be too much to expect that Friends of the Earth could bring themselves to welcome the report, but perhaps a more dignified silence would befit an organisation which has previously shown respect for scientific integrity.

R H Taylor, Head of health and safety strategy, Nuclear Electric, Redminster Down, Bridgewater Road, Bristol, Avon

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INSIDE

Israeli carrier unveils profit of \$14m

EL AL The Israeli state-owned airline, was hard hit by the Gulf war — but not as severely as many of its competitors. The airline yesterday announced net profits of \$14m, avoiding the losses afflicting many other carriers. Raphael Harlev, El Al president, said cuts in schedules and staff numbers had held the rise in operating costs to 14 per cent. *Page 22*

Insurance debate heats up

The collapse last month of Executive Life, the US insurance company, has provoked a renewed political and public interest in regulating the industry. Talk of legislation, which would propose some form of federal supervision instead of state regulation, is widespread. Nikid Tait looks at the proposals for change. *Page 21*

It's all change on world markets

The small rise in the FT-Actuaries world index last week masked some significant changes in the flow of funds. In Europe, foreign investment flew back to the lagging markets of Germany and Italy as London appeared to run out of immediate possibilities. And in the Pacific Basin, Tokyo's lethargy has been relieved by high jinks in Malaysia and a severe attack of nerves in Hong Kong. Bill Cochrane reports. *Back Page*

Confident words from Bouygues

Bouygues, Europe's largest construction group, is confident of good results this year. Martin Bouygues (left), the chairman, yesterday said he expects turnover to rise by 5 per cent. Although he says Bouygues thought it was too early to give a group profits forecast, he said that "the prospects for 1991 are satisfying". William Dawkins reports from Paris. *Page 20*

Itoman in the red

Itoman, the Japanese trading company which ran into financial difficulties investing in property and art, has announced an annual net loss of ¥60.4bn (\$438m). The company was reporting results for the year to the end of March, during which it suffered losses of ¥43.2bn on property deals and ¥56.5bn on art purchases. *Page 22*

Corrections Tokai Bank

The Financial Times yesterday incorrectly reported that Tokai Bank's capital adequacy ratio fell below the 8 per cent level which the Bank for International Settlements plans to bring into force after March 1993. In fact, Tokai's ratio is 8.05 per cent, as stated in a table which also appeared yesterday.

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Chief price changes yesterday

FRANKFURT (DEM)		PARIS (FF)	
Alcatel	740 + 10	Alcatel	550 + 10
Boehringer	790 + 10	Boehringer	3700 + 90
Deutsche Wkg	734 + 10	Deutsche Wkg	365 + 10
Siemens	550 + 10	Siemens	365 + 10
Telekom	550 + 10	Telekom	365 + 10
Thyssen	220 + 10	Thyssen	481 + 10
Wolfsberg	220 + 10	Wolfsberg	571 + 10
NEW YORK (DOLLAR)		TOKYO (YEN)	
Am Bank	18 1/2 + 1/2	Am Bank	950 + 25
Chrysler	34 1/2 + 1/2	Chrysler	1700 + 25
IBM	10 1/2 + 1/2	IBM	1700 + 25
Motorola	17 1/2 + 1/2	Motorola	1700 + 25
Apple Corp	45 1/2 + 1/2	Apple Corp	2200 + 25
Apple Corp	45 1/2 + 1/2	Apple Corp	2200 + 25

New York prices as at 12:28.

LONDON (Pounds)							
Alcatel	53	+	7	City Ltd FR	40	-	3
Boehringer	80	+	10	Colson	113	-	5
Deutsche Wkg	120	+	41	First Tech	22	-	9
Siemens	220	+	10	Indus Neum	300	-	15
Telekom	39	+	10	LAGOS	317	-	8
Thyssen	39	+	10	McAlpine (A)	240	-	17
Wolfsberg	39	+	10	Rothmans	154	-	5
Alcatel	39	+	10	Time World	118	-	5
Alcatel	39	+	10	Tenite	48	-	4



Raul Gardini: big changes before he stepped aside

Ferfin falls 20% but holds payout

By Hag Simonian in Milan

FERRUZZI Finanziaria (Ferfin), the holding company for Italy's second-largest private-sector group, suffered a 20 per cent fall in after-tax consolidated earnings, net of minority interests, to L248bn (\$156m) last year.

The company attributed the drop in earnings to the non-recurrence of extraordinary factors which had boosted results in both 1989 and 1990 and to difficulties in the chemicals business. Ferfin controls Montedison, the chemicals, agro-industrial and energy group, and shares control of Fondiaria, the insurer.

"Last year's level starts to establish a repeatable base for profits," said one executive yesterday. "It should form a repeatable base for future years."

Ferfin is paying an unchanged dividend of 145 per ordinary share and L75 for savings shares. It is also extending the equity buy-back programme which it announced last year.

The new programme, which will run to end-December 1992, will raise the previous L100bn scheme to L200bn. Some L100bn of the initial L150bn has so far been disbursed.

Although Ferfin made no profit forecasts for the current year, it said gross operating earnings had increased by about 14 per cent in the first quarter compared with the same period last year.

ICL likely to reveal Nokia Data deal

By Alan Cane

INTERNATIONAL Computers (ICL), the UK-based computer manufacturer 80 per cent owned by Fujitsu of Japan, is expected to announce today that it will buy Nokia Data, computer systems division of Finland's largest public company.

The announcement is certain to cause further upset in the worldwide computer industry, which is already suffering the effects of intense price competition, falling costs of technology and recession in the US and UK.

Even the larger European-owned computer makers may not be big enough to survive in the emerging fiercely competitive marketplace. For instance, Siemens Nixdorf of Germany and Groupe Bull of France are both losing money. Nokia Data is Europe's sixth largest computer supplier.

The deal will also raise further questions about the intentions of the Japanese computer manufacturers. They have emerged in recent years as the only substantial challengers to the world's largest computer manufacturer, International Business Machines.

Fujitsu is known to be intent on building a global family of inter-related computer companies.

In addition to its majority stake in ICL, it holds a minority stake in Amihai, a leading US mainframe computer manufacturer. Yesterday it refused to comment on rumours in Tokyo that Nokia intended to buy into ICL, consequently diluting the Japanese holding.

Details of whether the acquisition will be a simple purchase or a merger between the two companies are expected to emerge today.

Neither ICL nor Nokia were prepared to confirm or deny the takeover, saying only that discussions between competitors and potential allies took place continually.

It is significant, however, that an agreement between Nokia Data and Groupe Bull, which would have led to a marketing collaboration in the Scandinavian countries, was abandoned two weeks ago without explanation.

ICL is Europe's most consistently profitable large computer maker. Last week, it announced pre-tax profits of £110m on sales of £1.61bn.

Nokia Data, in spite of Finnish ownership, is based in Stockholm, Sweden, a legacy of former existence as a subsidiary of Ericsson Data Systems.

The group assembles as distinct from manufacturing about 160,000 computer terminals and personal computers. Sales amounted to about £1.3bn last year.

The company lost money in 1990; the only one of Nokia Group's six business divisions to show a negative return on net assets.

Mr Vittorio Levi, Nokia Data's chief executive, said the loss to the soft local market. "Our problems in 1990 and 1991 are not because of the crisis in the industry but because of the recession in the Scandinavian markets," he said.

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Japanese carriers blame profits slide on Gulf war

By Neil Weinberg in Tokyo

THE GULF crisis took a heavy toll on the profits of Japan's two leading air carriers, Japan Airlines and All Nippon Airways, which both reported lower international passenger load levels and profits in the year to end-March.

JAL, the nation's largest international carrier, said pre-tax profits tumbled 49 per cent to ¥26.9bn (\$187.3m) and after-tax profits 17.5 per cent to ¥13.7bn as a 5.5 per cent rise in operating revenues to ¥1.118bn.

The company reported a 3.5 per cent fall in international passengers, and a 6.3 per cent fall in total distance flown by passengers. Domestic traffic increased 6.6 per cent.

Fuel costs surged 30.2 per cent because of the Gulf crisis and led to an overall 10.7 per cent rise in operating expenses. The airline announced its per-share dividend will remain unchanged at ¥5.0.

JAL expects revenues to increase 6.8 per cent this year to ¥1.194bn. Pre-tax profits are seen rising 27.3 per cent to ¥33bn and after-tax profits 10 per cent to ¥16bn.

International passenger traffic has been slow to recover since the end of the Gulf war, partly because Japanese tourists typically plan vacations months ahead, the carrier said. Demand is therefore not expected to recover fully from the effects of the war until July.

ANA, the leading domestic carrier, suffered a 19.4 per cent decline in pre-tax profits to ¥25.4bn and a 28.3 per cent fall in after-tax profits to ¥10.7bn. Operating revenues for the year were up 8.1 per cent to ¥733bn.

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The company reported a 3.5 per cent fall in international passengers, and a 6.3 per cent fall in total distance flown by passengers. Domestic traffic increased 6.6 per cent.

Fuel costs surged 30.2 per cent because of the Gulf crisis and led to an overall 10.7 per cent rise in operating expenses. The airline announced its per-share dividend will remain unchanged at ¥5.0.

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INTERNATIONAL COMPANIES AND FINANCE

Hillsdown sells edible oils arm of Canada Packers

By Maggie Urry in London

CANADA PACKERS, the Toronto-based food processing subsidiary of Hillsdown Holdings, the UK food group, is selling its edible oils division for £105m (\$181.7m).

The business was put on the market last November, after Hillsdown increased its stake in Canada Packers to 56 per cent in July last year. Hillsdown said it was happy with the price achieved.

The purchaser is a joint venture formed between Central Soya of Canada, a company within the empire of Parmalat, the Italian group, and CSP Foods, a large oilseed crusher and refiner based in western Canada.

Mr Harry Solomon, chairman of Hillsdown, said that although the edible oils business was profitable it was not a core activity of the company. It

had sales of £825m in the year to end March 1990. Hillsdown took on £300m of debt when it bought its stake in Canada Packers, and incorporated its Canadian subsidiary Maple Leaf Mills into the business.

Hillsdown said at the time that it would repay the extra debt within a year of the acquisition. So far £175m has been raised through disposals, and Hillsdown said that substantial cuts in working capital had also been achieved.

Canada Packers is the largest food processing group in Canada and is shortly to change its name to Maple Leaf Foods.

Since Hillsdown took control of the company, it has been shaking up the business, although Hillsdown said yesterday that the initial pro-

gramme of restructuring had now been completed. Hillsdown's plan is to develop Canada Packers as a branded foods group.

It has closed two meat plants and plans to either sell or close two others. It sold its peanut butter and dairy products divisions and bought a pork company to add to its own business.

Two weeks ago a proposed merger of Canada Packers' flour and bakery business with John Labatt, another Canadian food processing group, was called off because of conditions required by competition authorities.

Last week Canada Packers reported a trebling of net earnings in the first quarter of 1991 to £30m or 10 cents a share, against £3.1m a year earlier.

Kaufhof considers flotation of subsidiary

By Andrew Fisher in Frankfurt

KAUFHOF, the German department store and specialised retail group, said profits rose by more than 20 per cent in the first four months of 1991. The group indicated it may float off part of one of its subsidiaries on the stock market.

Although Kaufhof gave no details of the flotation, chief executive, Mr Jens Olewald, indicated that suitable candidates could include its MediaMarkt home electronics unit; Vobis, a computer retailing subsidiary; or Reno, a mail order shoe sales business.

In February, 1990, 25 per cent of the group's low-price Kaufhof store chain was sold to the public for DM250m.

Kaufhof said turnover rose 23 per cent to DM5.3bn (£3.1bn) in the first four months of this year; 11.5 per cent was achieved in west Germany.

In east Germany, where the group has been gradually building up its activities, sales were DM504m.

Mr Olewald said investments would reach a new record of DM550m in 1991 as a result of expansion in east Germany.

The company has already announced net profits of DM120m for 1990, up by 12 per cent, and a dividend rise of DM2 to DM10.5. Turnover was 15 per cent higher at DM14.7bn, with DM17.5bn the target for 1992.

Kaufhof has launched a DM500m commercial paper programme, Reuters adds from Cologne.

The company said the programme extended its financing possibilities and provided a solid basis for its expansion plans over the next years.

The issue enables Kaufhof to issue short-term paper with maturities of between seven days and two years minus one day.

Lead manager is Deutsche Bank AG, with Commerzbank AG, Dresdner Bank AG, Westdeutsche Landesbank, Citicore and Service Bank GmbH von 1984 as members of the consortium.

Westland warns as profits fall

By Paul Abrahams in London

WESTLAND Group said yesterday that the need for the British government to place orders for the EH101 helicopter programme - which could be worth £1bn (\$1.73bn) - before the end of the year had become critical.

The company warned that it could not exploit the aircraft's export and civilian potential without the project.

Westland's warning came as the group announced a 19 per cent fall in pre-tax profits from £11.5m to £9.4m for the six months to March. The results included an exceptional charge of £3.4m for restructuring technologies subsidiary which specialises in defence and engineering systems.

Westland said it hoped the production order would consist

of 50 aircraft for the Royal Navy and 26 for the Italian navy. It expects the initial contract will be worth as much as £1bn, of which at least £800m would come to the company even if its consortium loses the system integration contract.

The project is a joint venture with Augusta, the Italian manufacturer.

The fall in profits was in spite of an increase in turnover from £194.5m to £241.8m. Sales of helicopters and support contracts grew from £157.7m to £166.4m. Earnings per share increased by 13 per cent to 6.1p from 5.4p. The dividend was maintained at 1.25p per share.

The results had been achieved in difficult trading

conditions, Mr Jones said. He said that productivity had improved throughout the group, and that the helicopter sales subsidiary was now operating with a reduced cost base.

The Gulf conflict had had no effect on profits, said Mr Jones.

The governments of both Saudi Arabia and the United Arab Emirates had postponed decisions to acquire Black Hawk helicopters.

Westland also announced it had won a contract worth as much as £200m to supply General Motors-Allison with engine nacelles for the Saab 2000 regional airliner.

The company's shares were unchanged yesterday at 122p. *See Page 18*

Swedish bank advances 13%

By John Burton in Stockholm

SVENSKA Handelsbanken, Sweden's most profitable commercial bank last year, has reported a 13 per cent rise in operating profits to SKr1.7bn (\$277m) for the first four months of 1991, despite growing credit losses.

Credit losses during the period amounted to SKr378m, an increase of 82 per cent based on an equalisation comparison that spreads last year's credit losses of SKr623m evenly over the three reporting periods for the year.

Credit losses amounted to 0.43 per cent of total lending volume.

Interest income climbed 19 per cent to SKr2.85bn, reflecting increased borrowing due to lower interest rates. Operating costs increased by 19 per cent to SKr1.7bn, against 20 per cent growth in income to SKr3.8bn.

The bank said, however, that operating costs rose 13 per cent once the effects of the January 1990 bank strike, which

depressed costs, were discounted. Profitability declined to 20.9 per cent from last year's 22.1 per cent. The income-cost ratio fell slightly from SKr1.91 to SKr1.81.

Handelsbanken, the country's third largest bank group, said it would try to improve profitability by increasing co-ordination with its finance company subsidiary, Svenska Finans, to eliminate overlapping. It will also close one of its eight regional bank offices.

Profitability increased to 6.7 per cent from 4.5 per cent a year ago. The rise in operating costs by 14 per cent to SKr1.5bn outpaced the 6 per cent growth in income to SKr2bn.

Nordbanken confirmed that it was cutting 600 jobs to reduce personnel costs, which grew by 3 per cent in the period once the effects of the January 1990 bank strike were discounted.

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Nordbanken up strongly to SKr471m

By John Burton

NORDBANKEN, Sweden's second largest commercial bank group, yesterday reported that operating profits climbed by 89 per cent to SKr471m (\$76.8m) during the first four months of this year.

The improvement reflected apparent progress in stemming the credit losses that made Nordbanken the worst performer among the main Swedish banks last year.

However, it warned that

its credit losses and provisions could reach SKr3.6bn in 1991 against SKr4.2bn last year because of weaknesses in the finance and property markets.

Credit losses during the period fell by 15 per cent to SKr1.2bn. Nordbanken made the comparison by averaging both the 1990 and estimated 1991 credit losses over the three reporting periods for the year.

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French in electrical goods move

By William Dawkins in Paris

THOMSON Electronique, the household appliances division of Thomson, the French state-owned electronics group, and De Dietrich, one of France's largest independent home appliances producers, are to form a joint venture.

They are to pool the development and marketing of electric ovens and hobs in a new company, De Dietrich Européenne d'Electroménager.

This will join a technology development partnership, Temsa, formed last September between Thomson and Fagor, the Spanish white goods producer. De Dietrich Européenne d'Electroménager and

Fagor will have a combined turnover of FF6.4bn (\$1.44bn) on 1990 figures, making it the fourth largest European home appliance grouping, with nearly 12 per cent of the market.

The French joint venture will be 51 per cent held by De Dietrich and 49 per cent by Thomson Electronique. They will pool development, marketing and procurement of raw materials and components, but keep the manufacture and identity of their brands strictly separate.

De Dietrich, a family controlled electrical engineering company based in Alsace, recorded a turnover of

FF947m in high quality household equipment last year, 27 per cent of its total FF3.49bn sales. Thomson Electronique last year recorded sales of FF3.1bn, 30 per cent of the French market through brands such as Brandt, Vedette, Sauteur and Thermor.

The deal puts an end to speculation over a possible sale of Thomson Electronique, on which the company has so far denied comment.

"This new association confirms the strategy of the Thomson group of conserving home appliances in its portfolio of activities and accelerating its development through a policy of alliances," said the group.

New chief for Groupe Bull arm

By Alan Cane

GROUPE Bull of France, the top-making computer manufacturer, yesterday appointed Mr Axel Leblond as president and chief executive of Bull HN, the company's international arm with headquarters in the US.

Bull HN has been responsible for marketing the group's products in the US, the Far East and the Pacific Rim.

Mr Leblond was formerly chief executive of the International Data Group, one of the world's largest information technology services companies.

He replaces Mr Roland Pampel, who had overseen the integration of Bull HN, in which NEC of Japan has a 15 per cent stake, into the worldwide Bull group. Bull said that Mr Pampel had decided not to accept a Paris assignment with the company for personal reasons.

Groupe Bull, which lost about FF60m (\$1.03bn) last year, is undergoing restructuring, one effect of which will be to translate NEC's shareholding in Bull HN into a stake in the main company.

Mr Leblond said his principal responsibilities would be to maintain continuity with the company's large US customers and to ensure its US manufacturing plants were used effectively within the worldwide group.

Bouygues forecasts 6% rise in turnover

BOUYGUES, Europe's largest construction group, expects turnover to rise by 6 per cent this year to FF600m (\$10.3m), against FF567bn in 1990, writes William Dawkins.

Mr Martin Bouygues, chairman, said it was too early to give a group profits forecast, but that "the prospects for 1991 are satisfying".

He said the group would concentrate on improving margins and internal growth this year. There would be a pause in acquisitions to leave management free to concentrate on integrating new arrivals, such as Losinger, the Swiss construction group, and Moulins de

Geel, the Belgian flour miller.

Mr Bouygues expected earnings to rise this year in construction and property development. He also sees improvement in the group's diversification activities, which include Saur, France's third largest water distribution company; a 25 per cent stake in TFI, the country's leading television channel; and Les Grands Moulins de Paris, the land-rich flour milling group.

However, profits are expected to fall in road-building, where Bouygues is France's largest operator through Scag, Coas and Sacer.

Mr Bouygues expects the

group to receive FF221bn of construction orders this year, up from FF19.9bn. He said although French orders were declining because of inflation, the economic slowdown and the squeeze on the government spending, through international orders were growing strongly, especially in the rest of continental Europe, Asia and the Pacific.

Turnover in the division was expected to rise 14 per cent to FF221bn - 35 per cent of the total. The estimate includes FF2.2bn from Switzerland, reflecting the first full contribution from Losinger, which Bouygues bought last June.

New Issues May 24, 1991

Federal Farm Credit Banks Consolidated Systemwide Bonds

6.77% \$160,000,000 Series P
CUSIP NO. 313311 H5 4 DUE JUNE 1, 1993
Interest on the above issue payable December 1, 1991, and semiannually thereafter
Dated June 3, 1991 Price 100%

7.20% \$115,000,000 Series P
CUSIP NO. 313311 H6 2 DUE JUNE 1, 1994
Interest on the above issue payable December 1, 1991, and semiannually thereafter
Dated June 3, 1991 Price 100%

7.90% \$115,000,000 Series D
CUSIP NO. 313311 H7 0 DUE JUNE 3, 1996
Interest on the above issue payable December 3, 1991, and semiannually thereafter
Dated June 3, 1991 Price 99.90625%

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Banca Nazionale Del Lavoro
(Incorporated as an Istituto di Credito di Diritto Pubblico in the Republic of Italy)
Notice is hereby given that the Rate of Interest for the Interest Period from 29th May, 1991 to 28th November, 1991 is 7.15% per annum. Interest payable on 29th November, 1991 will amount to ¥5,694,364 per ¥100,000,000 principal amount of the Notes.
Agent Bank
The Long Term Credit Bank of Japan, Limited
Tokyo

Halifax Building Society
Floating Rate Loan Notes 1996
For the three month period from 28 May, 1991 to 28 August, 1991 the Notes will bear interest at the rate of 11.625 per cent per annum.
The Coupon amounts will be £146.51 per £5,000 Note and £1,465.07 per £50,000 Note, payable on 28 August, 1991
Morgan Grenfell & Co. Limited
Agent Bank

NIPPON OIL FINANCE (NETHERLANDS) B.V.
Yen 6,000,000,000
Floating Rate Notes Due 1992
Notice is hereby given that for the Interest Period from 28 May 1991 to 25 November 1991 the rate of interest will be 7.13% per annum. The interest payable on the 25 November 1991 will be Yen 353,570 per each Yen 10,000,000. Note.
Agent Bank
The Mutual Trust & Banking Co., Ltd.
London

CVIS INTERNATIONAL LIMITED
Soybean CVDAS to
US\$1,824,000,000
Secured Floating Rate Notes due 2000
Interest from 6.375% p.a. Interest Period May 29, 1991 to August 28, 1991.
Interest Payable per US\$100,000 Note US\$10.12.
May 29, 1991, London
By Citicorp, N.A., (CDSI Dept.), Agent Bank

INTEREST RATE CHANGE

AIB Bank announces that with effect from close of business on 24th May 1991 its Base Rate was reduced from 12% to 11.5% p.a.

AIB Bank

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BOSTON DELTA FUND
a mutual investment fund under Luxembourg law
In conformity with article 15 of the prospectus of the BOSTON DELTA FUND, the Management Company, BOSTON DELTA MANAGEMENT COMPANY S.A., 90, place de la Gare, L-1061 Luxembourg by mutual agreement with the Banque de Luxembourg S.A. as Custodian, has decided on the dissolution of the BOSTON DELTA FUND, as of May 15th 1991 and on the distribution of its net assets amongst the holders of the one-shareable shares.
As of May 15th 1991, issues and redemptions are forbidden and any issues and redemptions of shares that take place after such date shall be null and void.
The date and procedure of distribution will make the object of a later publication.
The Management Company

NOTICE OF INTEREST PAYMENT TO EXTENDED TERM DEBENTUREHOLDERS
K mart (Australia) Finance Limited
Extended Term Debentures due 2002
National Westminster Bank USA as Trustee for K mart (Australia) Finance Limited Extended Term Debentures due 2002 under an Indenture dated as of July 1, 1978 between K mart (Australia) Finance Limited and National Westminster Bank USA hereby confirms the following:
For the Period to June 30, 1992:
1. The Minimum Redemption Price per \$1,000 principal amount of Extended Term Debentures is \$772.04.
2. The principal amount outstanding of each Extended Term Debenture in their face value, \$1,000, \$10,000 and \$100,000, respectively.
3. The interest payable on July 1, 1992 will be \$120.31 per \$1,000 principal amount of Extended Term Debentures.
The Convener of National Westminster Bank USA as Successor Trustee to National Westminster Bank USA
May 29, 1991

IIF
To the Holders of
International Income Fund
Short Term 'A' Units
Distribution and Accumulation Units in Bearer Form.

Midland Bank Trust Corporation (Jersey) Limited as Trustee of the above mentioned Fund hereby gives notice to all Holders of Short Term 'A' Units issued in bearer form that with the consent of the Board of Directors the Trustee has exercised its powers under the Deed of Trust constituting the Fund to terminate the Short Term A Portfolio as of 28th June, 1991. Such termination is without prejudice to the continuation of the Long Term Portfolio and Short Term B Portfolio.

The net proceeds of the assets of the Short Term A Portfolio relating to Short Term 'A' Units held in bearer form will be distributed among the Unitholders entitled thereto ratably in accordance with the number and type of Units held against production of the relevant Certificate(s).

Unitholders should present their Certificate(s) to the Trustee for payment at 28-34 Hill Street, St. Helier, Jersey, Channel Islands, JE4 8NR.

Following receipt by the Trustee of the relative Certificate(s) and payment of the final redemption proceeds each holder of Short Term 'A' Units will cease to have any further interest in, entitlement to or claim against the Short Term A Portfolio Fund or the Trustee. Acceptance by holders of payment of the final redemption proceeds shall constitute a waiver by each holder of any existing claims which they may have against the Fund, the Trustee or any of their agents, officers or employees. Any final redemption proceeds not claimed from the Trustee by former Unitholders within twelve months of the date hereof will be paid into the Royal Court of the Island of Jersey at the expense and risk of such former Unitholders.

Midland Bank Trust Corporation (Jersey) Limited
Trustee
Dated 29th May, 1991

Dollar bull or peak?
Daily Currency and Interest Rate
Contact Anna Whalley
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INTERNATIONAL COMPANIES AND FINANCE

Portugal's Fonsecas & Burnay bank to be privatised in July

By Patrick Shan in Lisbon

BANCO Fonsecas & Burnay (BFB), a medium-sized Portuguese bank nationalised in 1975, will be privatised in July by competitive auction.

The bank's sale is expected to raise about \$240m (\$300m), but in a departure from previous privatisations only a little over a third of the revenue, about \$80m, will go to the government. The remainder will finance the bank's five-year restructuring programme, which will cost \$200m and raise its capital base by \$20m.

Mr Pedro Rebelo de Sousa, BFB's president, said that an auction, rather than a share offer on the stock exchange which have been made with other financial institutions privatisations, "will allow greater transparency to the process and help to ensure the creation of a stable nucleus of shareholders". Several Portuguese and international groups have already declared an interest in buying the bank.

Most Portuguese state-owned banks are under-capitalised and have inadequate provisions for pensions and bad credits. BFB has a short-fall in pension provisions of around \$250m, and is having to raise these and other provisions to meet European Community requirements.

The privatisation will be split in two stages. In the first stage, whose results will be announced in mid-July, an indivisible block of 16.4m shares representing 80 per cent of the bank's share capital will be sold through a bid process at a starting price of \$22.30 per share.

The new majority share-

holder must retain at least 66 per cent of the shares for a minimum of three years and 51 per cent of the shares for five years.

Foreign investors can buy up to 29 per cent of the shareholding in the first stage and another 6 per cent in the second stage, bringing the total authorised foreign shareholding in the bank to 35 per cent.

● The privatisation of Alianca Seguradora, an insurance company 49 per cent privatised in October 1988, will be completed today with the sale of the state remaining 51 per cent. A Franco-Portuguese group led by Union des Assurances de Paris, which already holds over 30 per cent of the company, is expected to win majority control.

● Friends President of the UK and Avero Central Banker of the Netherlands, two leading insurance groups, have taken a 1.5 per cent stake each in Banco Comercial Portugues (BCP), Portugal's foremost private bank.

Mr Jorge Jardim Gonçalves, BCP president, said the move marks the end of the first phase of the bank's internationalisation, under which BCP established a 1.5 per cent cross-holdings with Banco Popolare Español of Spain and with Capitalo, Italy's state-owned savings bank.

The new British and Dutch partners will also have shareholdings in Occidental Holding, Occidental Vida and Occidental Seguros. The BCP group has also acquired a 1.5 per cent stake in BCP Investimentos, the group's fund management company.

In a packed hearing room on Capitol Hill, Mr John Dingell, a powerful and tenacious politician from Michigan who heads a key Congressional sub-committee looking into the US insurance industry, listens grimly. Before him, insurance commissioners from North Dakota and North Carolina are trying to defend a state-based system for regulating this \$2,000bn business.

Directly below, in the basement of the same Washington building, a separate sub-committee hearing is going on. This time, it concerns Executive Life, the large Californian life company which invested heavily in junk bonds and was seized by the Californian state regulators last month.

Mr John Garamendi, who became California's first elected insurance commissioner in January and thus can afford to throw stones, concedes that regulation in his state has not always been perfect. Congressmen are quick to listen. Executive Life, after all, had 170,000 life policies in force and was the largest insurance company collapse ever seen in the US. Pension schemes also invested heavily in its products. This means that the fallout has been nationwide; as one Iowa politician notes, there are thousands of people affected in his state alone.

The juxtaposition of the two

US insurance debate intensifies

Talk of federal regulation is widespread, writes Nikki Tait

hearings is telling. The Dingell sub-committee has been punning away at the adequacy of US insurance regulation for about three years. But last month's seizure of Executive Life has provoked a renewed political and public interest.

Aside from Dingell, there are four Senate sub-committees and two from the House of Representatives examining various aspects of state insurance regulation. Talk of legislation, which would propose some form of federal supervision instead, is widespread.

The system which is under the political microscope grew up, almost in *ad hoc* fashion, in the 1850s. There have since been challenges and changes in the legal justification for state supervision, but it has persisted. Today, then, each state has its own insurance department, individual regulations, and is responsible for investigating bail-out arrangements should an insurer, operating locally, go bust. (Even this is not standardised, and a few states still lack guaranty funds to cover life companies.)

Anyone who has had dealings with the state departments tends to reach the same

conclusion: standards of regulation vary widely. Worse, from a consumers' viewpoint, how much coverage a guaranty fund offers depends on where the insurance was bought.

That said, defendants of the system point to the empirical evidence. Although rising recently, the number of failures in the insurance industry has been substantially lower than in either the thrift or banking sectors. These, broadly speaking, have been under federal supervision.

Suggestions that federal government should step into the melange of state regulation have been made – and defeated – before. However, the pressures look much greater on this occasion.

First, the investigations are being played out against the backdrop of the savings and loan debacle – reckoned to cost US taxpayers \$500bn over the coming decades.

Secondly, there is the highly competitive climate within the insurance sector at present.

Thirdly, there are some experts who believe that a novel alliance has developed

between some of the larger industry players and Washington politicians. Insurance commissioners' increasing focus on political issues, such as auto rates and health insurance, has left some companies disillusioned. Add in the collapse of a large, albeit maverick, insurer like Executive Life and small wonder Washington's politicians are bending over backwards to have a say.

Quite what shape federal intervention might take is a more difficult subject. A rough outline of what might be considered was circulated by some of Dingell's staff some weeks ago. Broadly it suggested:

● A federal oversight agency, which could review the states' supervision and intervene if necessary;

● National minimum solvency standards which all insurers licensed to operate in the US would have to meet;

● Federal criminal sanctions, to make looking an insurance company through mismanagement a federal crime;

● A national liquidation process, handled in federal courts, although states could also place companies in "reorganisation" or liquidation; and

● That federal government should take full responsibility for regulating reinsurers and surplus lines carriers covering US-based risks.

What it did not propose – although some voices have urged it – is a national guaranty fund. Mr Jack Chesson, Dingell's counsel, told a New York Bar Association seminar last week that whilst "there is a great deal of logic in a national guaranty fund", he believed "there is zero chance of Congress approving a federal guaranty fund and slightly less than zero of a national guaranty fund".

The threat of federal intervention, meanwhile, has not gone unnoticed by the state insurance departments – who dismissed the Dingell staffers' document as a prejudgment of the issue. For many months, their umbrella organisation, the National Association of Insurance Commissioners, has been beefing up its own model rulebook, adopting minimum requirements for satisfactory state solvency regulation, and introduced a novel "accreditation" procedure. Under this,

the NAIC would grant accreditation to a state department if its regulations and operating standards were up to scratch.

While these efforts are generally praised, the problem is that the NAIC has minimal authority to force its suggestions; adoption of its model rules is voluntary. In the case of the accreditation scheme, it has attempted to get round this difficulty by stating that any insurer domiciled in a non-accredited state would have to meet the standards of every accredited state in which it does business. This would encourage companies to domicile in accredited states and by implication, pressure non-accredited states to fall in line.

Only on a couple of scores is there a measure of agreement: even the states concede that a federal criminal statute to cover the insurance industry would be helpful. And they are content to give federal government a limited role in the regulation of non-US insurers, suggesting that a federal bill detailing the requirements which such businesses must meet, should be implemented. However, the job of maintaining a "white list" of suitable players thereafter would still rest with the NAIC.

And there matters rest – for the moment. With Executive Life playing out in the background, the debate, one suspects, can only intensify.

Zenith Electronics alters its takeover defences

By Barbara Durr in Chicago

ZENITH Electronics Corporation has eased its poison pill plan to ward off potential hostile takeovers. The company has increased the "clawback" for existing shareholders' rights to buy shares at half price to 25 per cent from 15 per cent.

Under the new plan, if a hostile bidder acquires or initiates a tender offer that would result in owning 25 per cent of the company, shareholders can purchase \$75 worth of either Zenith's or the new company's shares for \$37.50.

The move comes after the management's successful proxy contest last month against Nycor, the holding company controlled by the Gloriano family of New Jersey and Zenith's largest single shareholder.

Nycor said, however, it intended to continue pursue board seats at Zenith and would consider making a bid for the company if the poison pill were removed.

Mr Jerry Pearman, Zenith's chairman and president, said yesterday that institutional shareholders had pressed the company to alter the poison pill plan.

He said they felt that the low 15 per cent trigger was inconsistent with the company's stated position of being "open to considering a wide range of alternatives that might benefit all stockholders".

The company also revealed yesterday that its licensing and technology deal with Goldstar, the Korean electronics manufacturer, has won Korean government approval and that this has allowed completion of the \$15m share acquisition by Goldstar which was part of the agreement.

Zenith received \$1.45m from Goldstar in February when the accord was reached and yesterday said it had received the remaining \$13.55m for 1.45m shares, or 4.97 per cent, of Zenith common stock at \$10.34 per share.

Amoco Canada plans to lay off 15% of workforce

By Robert Gibbons in Montreal

AMOCO CANADA Petroleum, which bought Dome Petroleum for C\$2.2bn (US\$1.52bn) in 1988, is to lay off 700 – or 15 per cent – of its workforce.

It is preparing an equity offer by 1992 under an agreement with the federal government in 1988 to share ownership with the Canadian public.

Amoco Canada, now fully-owned by the Chicago-based Amoco, will reduce its workforce by another 200 by 1993 and transfer 650 to affiliates in a big rationalisation. It now employs 4,500.

The company said it must improve profitability. The rationalisation will include disposal of some producing prop-

erties in western Canada. It is one of the country's top three gas producers.

The group's first-quarter loss was C\$21m against a loss of C\$20m a year earlier, helped by lower interest rates. Long-term debt was C\$2.8bn at March 31.

● TransCanada Pipelines has sold C\$150m of convertible debentures to the Province of Alberta. The debentures will be held in the Alberta Heritage Fund, built up from surplus oil and gas income over the past 15 years. TCPL will use the money to help meet its C\$2.6bn gas pipeline expansion. It is also selling equity to north American institutions to raise a further C\$250m.

Argentina to raise \$300m through ENTel flotation

By John Barham in Buenos Aires

PRESIDENT Carlos Menem last week formally kicked off Argentina's largest public share offer with the flotation of 20 per cent of the shares in ENTel, the country's telephone network, privatised in November last year.

The flotation, expected to begin in July, should raise at least \$300m for the government.

This is the second phase of Argentina's largest privatisation yet.

The first phase began last November when the government sold 60 per cent of the network for \$214m in cash and \$5.03bn-worth of foreign debt certificates to two consortia, one led by Spain's Telefonos and the other by France Telecom and Stet of Italy. The remaining 10 per cent will be held by the employees.

The latest flotation will proceed in several stages. The net-

works' clients will have first priority, followed by small local and foreign investors. Large investors and holders of Argentine foreign debt will come last.

The sale will be preceded by a marketing campaign and sales roadshow and the shares will be available at over 4,000 points of sale.

However, the government has yet to announce the shares' price and may set a minimum purchase of \$5,000 per applicant.

The flotation is likely to further broaden Argentina's small, but rapidly growing capital markets.

The shares are expected to be in heavy demand, since the two companies are understood to be making impressive profits, both because pulse rates are high and because cash flow is rapidly increasing as they repair over 300,000 disconnected lines.

Creating value

Eastern Germany a top priority: The continued expansion of our east German network will remain a primary focus for creating value in the coming years. Commerzbank's strategy of "going our own way" by independently opening new branches allows us to establish our corporate identity and ensure quality right from the start.

Convinced that an economically sound eastern Germany is critical for Europe, Commerzbank, together with fellow members of the Europartners Group (Banco di Roma, Banco Hispano Americano, and Crédit Lyonnais), launched 'The European Initiative for Eastern Germany' in 1990, a programme to promote investments in the area.

for our clients

Commitment to internationalization: Operating in more than 30 countries, the Commerzbank Group provides wholesale and investment banking services on a global scale. In addition to expanding our capabilities to serve the Single European Market, we are also extending our presence in Eastern Europe this year with new offices in Budapest, Prague and Warsaw.

Commerzbank's shares are quoted on more international stock exchanges than any other German corporation. In 1990, we were the first foreign company to become listed on the Spanish bourses, in Madrid and Barcelona.

and shareholders

As the new decade of accelerating change unfolds, creating value will continue to be the cornerstone of our long-term strategy. Over the years, we have systematically reinforced our financial base. Our strong earnings position has in turn opened up new perspectives for the Bank's future that will both strengthen customer service and enhance value for our shareholders.

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* to be opened soon.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Fanuc posts 6% rise to record Y70bn

By Emiko Terazono in Tokyo

FANUC, the leading Japanese robotics equipment maker, announced a 6 per cent rise in non-consolidated pre-tax profits to an all time high of Y70bn (\$560m) for the year ended March 1991.

Fanuc attributed the rise to an increase in fund management gains. Sales rose 3.6 per cent to Y184.5bn on the strength of the company's industrial robots, which rose a sharp 47.5 per cent to Y26.5bn. But higher labour and distribution costs hurt operating profits, which fell 3.3 per cent to Y54.4bn. After-tax profits increased 8.4 per cent to Y37.6bn.

Sales in its mainstay computerised numerically controlled systems fell 3.1 per cent to Y134.3bn. Exports fell 8.1 per cent to Y28bn on the weakness in overseas markets.

For the current year to March 1992, Fanuc expects pre-tax profits to rise 3.5 per cent to Y72bn, on an 11.1 per cent rise in sales to Y205bn.

Seiko profits fall by 2.2% to Y5.9bn

By Emiko Terazono

SEIKO, the leading Japanese watchmaker, said consolidated pre-tax profits for the year to March 1991 fell by 2.2 per cent to Y5.9bn (\$42m) on higher labour costs and interest payments.

Sales increased by only 1.5 per cent to Y428bn due to flat watch, clock and jewellery divisions. After-tax profits plunged 6.3 per cent due to increases in corporate taxes, and losses in domestic and overseas sales subsidiaries.

On an unconsolidated basis, pre-tax profits rose 8.6 per cent to Y4.8bn and sales increased by 6.4 per cent to Y305.8bn thanks to stable domestic demand. After-tax profits rose 10.5 per cent to Y1.4bn.

For the current fiscal year to March 1992, Seiko forecasts 10 per cent increase in consolidated pre-tax profits to Y6.5bn, and a 9.5 per cent rise in sales to Y470bn.

Itoman in red after losses on art and property deals

By Stefan Wegstl in Tokyo

ITOMAN, the Japanese trading company which ran into financial difficulties investing in property and art, has announced an annual net loss of Y80.4bn (\$638m).

The company was reporting results for the year to the end of March, during which it suffered losses of Y82.2bn on property deals and Y35.5bn on art purchases. Of the total, some Y30bn is not included in last year's loss and is being carried forward. Itoman plans to offset the loss by the sale of a 40 per cent interest in its Osaka head office.

The company would have

gone bankrupt without the support of Sumitomo Bank, its main bank, which is financing a rescue. The Osaka District Prosecutor's Office is examining aspects of Itoman's operations to see whether anyone connected with the company broke the law. Itoman is passing its dividend.

The net loss is the first since 1976, when the company was last in financial difficulties and also had to be bailed out by Sumitomo.

In the year to March, sales fell 1.5 per cent to Y630.7bn, due to the collapse of real estate turnover. The operating

profit dropped 85.5 per cent to Y1.07bn, with Itoman's core textiles business barely able to make up for the shortfall in property trading. The pre-tax figure was a loss of Y3.04bn against a profit in 1989-90 of Y13.5bn. The group last year made a net profit of Y6.3bn.

For the current year, Itoman plans to make a pre-tax profit of Y3.5bn on sales of Y630bn. Taking account of the likely profit on the sale of part of its headquarters, it expects to see a net profit of Y43.5bn, which will go some way to restoring the damage done to the balance sheet this year.

El Al stays in the black with \$14.1m for year

By Hugh Carnegie in Jerusalem

ISRAELI state-owned airline, El Al, suffered a predictable slide in profits last year as the Gulf crisis halted tourist traffic in the second six months. But, unlike many of its competitors, it avoided a drop into the red, posting net profits of \$14.1m, compared with \$24.2m in 1989.

As a Middle Eastern state under threat of attack by Iraq, El Al has been the victim of the Gulf war last August, the Israeli tourist industry was hard hit by the crisis. The company said passenger traffic had dropped by 54 per cent by December. Meanwhile, fuel prices rose 150 per cent.

Mr Raphael Harlev, El Al president, said cuts in schedules and staff numbers had held the rise in operating costs to 14 per cent, totalling \$780m. At the same time, the conversion of passenger capacity into cargo space helped push sales up by more than 10 per cent to \$785.3m.

Another positive factor was the airline's role in carrying thousands of Soviet Jews to Israel for the government.

The fall in profits would have been much larger but for income of \$5.6m from financing activities, including aircraft leasing. Contributions from affiliated companies and sales of shares in subsidiaries also contributed \$3m.

El Al has now shown a profit for five consecutive years, despite being in receivership since 1982 when it was swamped by debts and labour problems.

The Gulf war was the dominant factor in the first quarter this year, but performance should be helped by the airline enjoying a monopoly on its routes during the conflict, when other airlines stopped flying to Israel, and by government-subsidised war insurance.

El Al is due for privatisation through a 51 per cent international stock flotation.

Kubota sees advance to Y36.3bn

By Emiko Terazono

KUBOTA, the Japanese farm equipment maker, announced a 0.3 per cent rise in non-consolidated pre-tax profits to Y36.3bn for the year to March 1991.

Kubota said the rise in distribution and labour costs stunted profit growth despite a 6.3 per cent rise in sales to Y708.9bn. After-tax profits rose 8 per cent to Y20.3bn on a cut in corporate taxes.

Domestic sales rose 9 per cent to Y49.9bn, reflecting strong demand in Kubota's pipe, industrial machinery, and environmental facilities. Exports, however, declined 3.7 per cent due to a 32 per cent fall in industrial material and a 2 per cent decrease in building equipment.

For the current year, ending March 1992, Kubota expects sales to rise 5 per cent to Y745.5bn, but expects a marginal 1.5 per cent in pre-tax profits to Y37bn due to an increase in interest payments.

Shiseido up 8.7% at pre-tax level

SHISEIDO, Japan's largest cosmetics maker, enjoyed a 26.1 per cent rise in operating profits to Y220.1bn (\$1.82bn) in the year to end-March, but pre-tax profits climbed only 3.7 per cent to Y20.12bn due to losses on financial items, writes Neil Weinberg in Tokyo.

Sales for Shiseido, which commands a 27 per cent domestic market share, increased 8 per cent to Y352.3bn, with cosmetics sales up 7 per cent and toiletries increasing 11.2 per cent.

Pre-tax profits were hit by a decline in Shiseido's financial surplus and a 1700m yen currency exchange loss. After-tax profits advanced 38.7 per cent to Y14.9bn as tax outlays declined.

Sales for the year to end-March 1992 are forecast to rise 6.9 per cent to Y377bn. Pre-tax profits are expected to gain 6.0 per cent to Y30bn and after-tax profits 3.6 per cent to 15.5bn.

New chairman for Christiania Bank

MR TOR MOURSTUND, the board chairman of Christiania Bank, Norway's second biggest bank, is to hand over the helm to Mr Per Dittler-Simonsen, 56, shipowner and former defence minister, in one of the biggest changes within the bank in over 15 years, writes Karen Fosell in Oslo.

Mr Dittler-Simonsen was elected to the two-year post, replacing Mr Mourstund who was Christiania's president for 13 years before becoming chairman last year.

Treasuries drift modestly higher in thin trading

By Karen Zagor in New York and Sara Webb in London

US Treasuries drifted modestly higher yesterday morning in thin, featureless trading.

At mid-session, the Treasury's benchmark 30-year bond was quoted up 1/8 at 98 1/8, yielding 8.25 per cent, while shorter-dated maturities were unchanged to 1/8 higher.

The Federal Reserve entered the open market to arrange \$2bn in customer repurchase agreements when Fed funds were trading at 5 1/2 per cent.

Although the intervention was not widely expected, it was seen as a technical measure in anticipation of a small, seasonal reserve shortage today at the end of the current two-week statement period. The Fed last intervened on Thursday, when it arranged overnight matched sales with funds last at 5 1/2 per cent. The target for the key rate is believed to be 5 1/2 per cent.

News that existing home sales for April rose 3.4 per cent depressed bond prices in early

GOVERNMENT BONDS

trading. But prices firmed after the release of the conference board's index of consumer confidence in the US for May, which fell to 74.2 from 79.4 in April.

DOMESTIC and overseas buying helped to buoy the German government bond market yesterday.

Japanese investors have returned to the European government bond markets after a considerable absence, while other investors have been busy switching from French government bonds into bonds recently. Many investors remain worried by the appointment of Mrs Edith Cresson as

BENCHMARK GOVERNMENT BONDS									
	Coupon	Face	Price	Change	Yield	Week	Month	Year	
UK GILTS	7.500	100.00	100.25	+0.02	10.25	10.25	10.25	10.25	
	8.000	100.00	100.25	+0.02	10.25	10.25	10.25	10.25	
	8.500	100.00	100.25	+0.02	10.25	10.25	10.25	10.25	
US TREASURY	8.000	100.00	99.18	+0.02	8.00	8.00	8.00	8.00	
	8.125	100.00	99.18	+0.02	8.00	8.00	8.00	8.00	
JAPAN	4.000	100.00	100.25	+0.10	7.00	7.00	7.00	7.00	
	4.500	100.00	100.25	+0.10	7.00	7.00	7.00	7.00	
GERMANY	5.000	100.00	100.25	+0.02	8.51	8.51	8.51	8.51	
FRANCE	5.000	100.00	100.25	+0.02	8.51	8.51	8.51	8.51	
NETHERLANDS	5.000	100.00	100.25	+0.02	8.51	8.51	8.51	8.51	
CANADA	5.000	100.00	100.25	+0.02	8.51	8.51	8.51	8.51	
AUSTRALIA	5.000	100.00	100.25	+0.02	8.51	8.51	8.51	8.51	
SWITZERLAND	5.000	100.00	100.25	+0.02	8.51	8.51	8.51	8.51	

London closing, *denotes New York morning session. Prices: US, UK in 32nds, others in decimal.

Yields: Local market standard. Prices: US, UK in 32nds, others in decimal.

Technical Data/ATLAS Price Sources

prime minister in France, and

the move was taken as confirmation that the intervention rate will not be cut further for some time. Despite statements from the government warning that no further cuts are imminent, there has been some speculation in the market that external pressures will force another cut soon.

THE UK government bond market edged up following the US Treasury bond market lead in the absence of any economic data. Short-dated gilts barely moved. The 11% per cent gilt due 2003/07 rose from 108 1/2 to 109 1/2 by late afternoon.

JAPANESE government bonds moved in a narrow range as investors await a decision from the Bank of Japan on the Official Discount Rate. Attention will focus on the consumer prices figures - due out on Friday - and on the Bank of Japan's "Tankan" survey of business which is due on June 11. Any signs of a slowdown could encourage the Bank of Japan to cut the discount rate.

Elsewhere in Europe, Spanish overnight interest rates edged up from 12.75 per cent to 12.85 per cent as the Bank of Spain drained Ptas29.5bn of liquidity from the money market.

The move was taken as confirmation that the intervention rate will not be cut further for some time. Despite statements from the government warning that no further cuts are imminent, there has been some speculation in the market that external pressures will force another cut soon.

CME plans new currency derivatives

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange is today launching the currency futures and three options contracts.

The cross rates for the futures and options will be calculated as follows: the sterling/D-Mark cross rate times \$50,000; the D-Mark/Swiss franc and the D-Mark/yen. The CME said the products responded in part to the rapid growth of trading in foreign

currency cross rates by international banks. The CME products will be denominated and cash-settled in US dollars. The minimum tick will be \$5 and the value of the contracts will be calculated as follows: the sterling/D-Mark cross rate times \$50,000; the D-Mark/Swiss franc and the D-Mark/yen cross rates times \$125,000. They will be

traded between 7:30am and 2:00pm Chicago time, and will have the same March, June, September, December cycle of other CME currency futures.

The cross-rate futures options are similar to other currency options contracts at the CME except that these are cash settled and are allowed to expire on the same day as the corresponding futures.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 10:00 pm on May 28

IS	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

IS	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

IS	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
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ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ALGERIA 10/12/91	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

* Information available - previous price. Only one market shown - price.

STRAIGHT BONDS: The yield is the yield to redemption of the bond at the latest date in millions of currency units. Chg. day-Chg. on day.

FLATBOND RATE: Notation in dollars unless otherwise indicated. Coupon shown in millions. Spread-Margin shown in millions.

CONVERTIBLE BONDS: Notation in dollars unless otherwise indicated. Coupon shown in millions. Spread-Margin shown in millions.

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These securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. These securities having previously been sold, this announcement appears as a matter of record only.

New Issue

Japanese warrant deals test international demand

By Simon London

THE strength of international demand for Japanese warrant bonds was tested yesterday with 11 equity-linked deals launched in the international bond market.

In total, \$850m equivalent of warrant bonds were issued yesterday, all by Japanese companies. Despite the weight of paper, demand appears to be firm. Investors are keen to buy warrants priced against the new levels of the Tokyo stock market following its heavy fall last year.

For example, the biggest deal of the day, a \$300m four-year issue by Aida International via Nomura, traded up to 106.5 bid from an issue price of par.

The largest new issue in any sector yesterday came from Kansai International Airport, which carries the guarantee of the Japanese government. The \$270m seven-year deal, lead managed by IBI, was priced to yield 4.7 basis points over the US Treasury yield curve.

The bonds carry an 8% per cent coupon and were offered to investors at a fixed price of 99.92. The pricing of the deal was seen as tight by

INTERNATIONAL BONDS

many participants, many of whom would have preferred a 10-year issue.

However, demand was firm enough for the yield spread over Treasuries to be maintained.

Elsewhere, supply of Canadian dollar-denominated paper was resumed following a fallow period last week. BCI, the holding company of Bell Canada, launched a \$450m five-year issue, lead managed by UBS Phillips & Drew.

The bonds carry a 10% per cent coupon and were priced to yield 7.2 basis points over comparable Canadian government bonds. Again the pricing was seen as tight, but participants said that the deal attracted interest from continental European retail accounts. BCI has not borrowed in the international bond market since 1986, but the five-year bonds offered yesterday are the shortest maturity available.

Interest in the higher-yielding European currencies was also maintained. Obolbank, the Finnish financial institution, placed demand within Germany with a \$410m five-year issue - against the background of rumours that the Finnish monetary authorities may soon link the markka to the euro.

Credit Agricole, the French bank, made its debut in the Euro sector with a \$615m four-year transaction lead managed by Swiss Bank Corporation. The paper carries a coupon of 8 1/4 per cent and was re-offered to investors at a fixed price of 99.75, where the yield is 9.2 per cent. This offers a 20 basis point pick-up over yield available in the secondary market on the recent four-year Ecobank deal by L&B Baden-Wuerttemberg.

Europeans followed the success of its Portuguese escudo-denominated deal last week with a \$100m bond issue in the Spanish domestic market.

The five-year maturities offers a coupon of 11.6 per cent and was priced at 101.55 with full fees of 1.1 per cent.

S&P casts eye over mortgage bond issues

By Sara Webb

STANDARD & Poor's, the US credit rating agency, may place some mortgage-backed issues on its credit watch surveillance list this week due to concern over their insurers' cover.

The alarm about some mortgage-backed issues stems from S&P's decision last week to review the credit ratings of six UK insurance companies "with negative implications".

Some of these insurers - such as Sun Alliance - provide insurance cover for securitised mortgages. This protects bondholders against loss in the event of default on the underlying mortgages.

Specialised mortgage lenders, including National Home Loans, Household Mortgage Corporation, and The Mortgage Corporation, are currently reviewing the insurance cover on their bond issues to see whether it needs to be upgraded.

The US rating agency said that profits for composite insurers in the UK are likely to continue to be disappointing this year, with "particularly poor results expected in the personal motor, household, employers' liability and mortgage guaranty accounts".

Equity Star, Sun Alliance and London Assurance, and General Accident have had their ratings for claims-paying ability placed on credit watch. Guardian Royal Exchange and Sun Alliance Group have had their commercial paper programmes placed on the surveillance list.

World Bank lends \$50m to Chile

THE World Bank announced a \$50m loan to help improve water supply and sanitary conditions in Valparaiso, Chile's third largest city, Reuters reports.

The loan, to be disbursed over six-and-a-half years, is for 17 years, including a five-year grace period.

The loan carries a variable interest rate, initially of 7.75 per cent.

Arm of French bank seeks FF470m

By George Graham in Paris

CREDIT Agricole d'Ile de France, the largest and least agricultural of the 85 regional units which make up France's giant agricultural co-operative bank, is to raise FF470m of fresh capital.

The bank will issue new Co-operative Certificates of Investment (CCI), a form of non-voting stock which is the closest to a co-operative organisation on the stock market.

Already, 18 Credit Agricole regions have issued CCIs - the Ile de France region is on its third tranche - as they seek to improve their capital bases to comply with the Bank for International Settlements and similar rules adopted by the European Community.

"We need new funds to maintain and improve our capital base. The new European ratios place us with a capital-to-risk ratio of around 7 per cent at the end of December. We need to go to 8 per cent by 1993," said Mr Lucien Douroux, chief executive of the Credit Agricole Ile de France.

The funds raised will also help to finance the cost of taking control of Banque de Gestion Privée (BGP), an investment banking and asset management specialist bought in March for FF700m, which is also co-managing the issue for its parent.

Mr Douroux' bank will take around 55 per cent of BGP at a cost of some FF400m, with the Caisse Nationale du Crédit

Agricole, the central banking unit owned by all the Credit Agricole regions, taking 25 per cent. But Credit Agricole Ile de France's appetite for capital - its last issue of CCIs dates back only 15 months - also reflects a change in its field of operations.

Since last year, the Credit Agricole has lost what remained of its monopoly on farm loans. In exchange, however, it has won the right for the first time to lend to companies and liberal professions in urban areas.

This has opened up a vast field for the Credit Agricole Ile de France, whose region, centred on Paris, is almost entirely urban.

Although its activity is still

centred on home loans, which account for two-thirds of its loan book and where it holds 17 per cent of the Paris region market, its non-agricultural business loan book grew by 47 per cent last year to reach FF11.5bn. Net profits grew last year by 21 per cent to FF400m, and Mr Douroux is predicting a further increase of 10 to 15 per cent this year.

CCIs have until now mostly been sold to clients of the Credit Agricole network, but now that Credit Agricole Ile de France's paper has established a certain level of liquidity on Paris's second market - an average turnover of 1,000 CCIs a day - the bank hopes to open up to a wider pool of investors.

Brazil allows foreign investment

By Christina Lamb in Rio de Janeiro

A DECISION to allow direct foreign investment into Brazil's stock markets was expected to be announced last night, according to government officials.

The National Monetary Council was voting yesterday evening on whether to give foreign investors direct access to buy shares in Brazilian companies.

Until now, foreigners could only invest through Brazilian-administered funds.

Although plans to allow direct access were announced earlier this year, the enabling proposals and tax regulations were only voted on at yesterday's meeting.

The expected decision has transformed the Brazilian stock market. This month alone, the market has risen 44.8 per cent, partly in

response to the appointment of a new economic team and the announcement of a date for the first privatisation.

There is expected to be considerable foreign interest in investing in the National Securities Commission estimates that, in one year, North American pension funds alone would bring in between \$100m and \$150m. Earlier this year, average daily trading volume in the stock market was running at \$12m to \$15m.

Mr Robert Barclay, head of the \$140m Banco Bozano Simoesen Fund, said: "A lot of foreigners have their eyes on particular companies such as Telemar and Aracruz but, because of Brazil's economic instability, bank at investing in a fund which requires making a much bigger commitment."

Even with the recent rise, Brazilian shares are widely regarded as undervalued. Telemar, the state telephone company, for example is trading at 8 per cent of book asset value.

Mr Edmund Games, who administers the Brazil Fund, said: "These companies have assets worth substantially more than the Brazilian investor is willing to pay. Foreign investors know this and can't wait for the door to be opened."

However, many Brazilian analysts warn that the picture is less simple. The market capitalisation of Varig, Brazil's largest airline, at \$1m seems ridiculously cheap for a company with a large and relatively new fleet. But last year Varig made heavy losses, and its fleet was acquired with borrowed money.

Laurentian Bank deal allowed with Standard Trust

By Robert Gibbons in Montreal

LAURENTIAN Bank, a key member of the Laurentian Group, has received Ontario Court approval to take over Standard Trust's 30 mortgage branches from Standard's liquidator.

The deal involves C\$1.3bn (US\$1.1bn) deposits, 200 employees, and about \$750m in residential mortgages and commercial loans.

Senior creditors put Standard into bankruptcy after refusing an initial offer from Laurentian Bank. Standard got into financial trouble when several large property loans went sour.

Then federal regulators seized the assets, shut the branches and began winding Standard up.

Canadian Pacific's long-term debt rating has been cut from A to A- by Dominion Bond Rating Service, one of Canada's two rating agencies. The downgrading also applies to debt issued by CP Securities, a financing subsidiary.

Standard's Investors Service in New York downgraded CP's senior unsecured debt a month ago and DBRS has already downgraded the senior debt of CP Forest Products, CP's big pulp and paper arm. But DBRS has changed its assessment of CP's short-term debt.

NEW INTERNATIONAL BOND ISSUES

Issuer	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Aid Int'l Co.	200	4	100	1995	2 1/2%	Nomura Int.
Sanitome Coal Mining Co.	100	4	100	1995	2 1/2%	Deutsche Bank
Brother Sales Ltd.	100	4	100	1995	2 1/2%	Nikko Seko (Europe)
Kansai Int'l Airport Co.	270	8 1/2	99.92	1998	30bp	ISI Int.
Acet Int'l.	45	3 1/2	100	2001	2 1/2%	Nomura Int.
CANADIAN DOLLARS						
Credit Agricole de France (B)	75	10.125	101.375	1994	1 1/2%	Goldman Sachs Int.
BCE Inc.	250	10 1/2	101.822	1998	1 1/2%	UBS Phillips & Drew
AUSTRALIAN DOLLARS						
Shell Australia	100	11	100.70	1998	2 1/2%	Hambros Bank Ltd.
D-MARKS						
Telefon Reliastel	70	4	100	1995	2 1/2%	Dresdner Bank
Torishima Pump Mfg. Co.	80	4	100	1995	2 1/2%	Nomura Int.
Kanaden Corporation	60	4	100	1995	2 1/2%	Deutsche Bank
Deutsche Bank	100	4 1/2	100	1995	2 1/2%	Deutsche Bank
Council of Europe (d)	100	10	100 1/2	1993	1 1/2%	Commerzbank A.G.
SWISS FRANKS						
Kuraray Co. Ltd.	150	2 1/2	100	1995	-	Credit Suisse
Isuzu Corporation	100	2 1/2	100	1995	-	Yamaichi BK (Switz)
Apelco Electronics Co.	50	2 1/2	100	1995	-	UBS
Daimler Telecom Eng.	80	2 1/2	100	1995	-	Credit Suisse
Toyota Motor Credit Corp.	100	6 1/2	102	1995	-	Bank Paribas Suisse
ECUAS						
Colombia Nat. Cred. Agril. (c)	150	9 1/2	101 1/2	1995	1 1/2%	SDC
FRANCS						
Eurofin	100m	11.80	101.55	1995	1 1/2%	J.P. Morgan
FINNISH MARKKA						
Oso Bank	175	11 1/2	100.85	1995	-	Chitbank
LIBRE						
Banque National de Paris	1500m	11 1/2	101.80	1995	1 1/2%	Banca Naz. Del Lavoro

Notes: All issues are new issues. All issues are convertible. All issues are payable annually on 31/03/91 and 31/03/92. All issues are payable in full on 31/03/93. All issues are payable in full on 31/03/94. All issues are payable in full on 31/03/95. All issues are payable in full on 31/03/96. All issues are payable in full on 31/03/97. All issues are payable in full on 31/03/98. All issues are payable in full on 31/03/99. All issues are payable in full on 31/03/00. All issues are payable in full on 31/03/01. All issues are payable in full on 31/03/02. All issues are payable in full on 31/03/03. All issues are payable in full on 31/03/04. All issues are payable in full on 31/03/05. All issues are payable in full on 31/03/06. All issues are payable in full on 31/03/07. All issues are payable in full on 31/03/08. All issues are payable in full on 31/03/09. All issues are payable in full on 31/03/10. All issues are payable in full on 31/03/11. All issues are payable in full on 31/03/12. 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UK COMPANY NEWS

Big guns ready and lined up for battle

David Owen looks at the impressive list of connections ICI and Hanson can call on

IMPERIAL Chemical Industries now looks to have shown foresight in appointing Sir Antony Pilkington to its board in March as a non-executive director.

As chairman of Pilkington, the glass maker which survived a hostile takeover attempt by BTR in 1987, who better to advise the group on how best to escape the clutches of an acquisitive conglomerate?

Sir Antony is just one of an impressive list of the great and good on whom the UK's largest manufacturer can count. If Hanson does launch a hostile bid.

The conglomerate bought a 2.8 per cent stake in ICI two weeks ago in a move which has fuelled intense speculation that a full-blooded takeover attempt might eventually be forthcoming.

Sir Antony's fellow ICI non-executives include the chairman of one of the four big UK clearing banks, a former chairman of the US Federal Reserve, a member of the board of managing directors of the largest German bank and a director of the world's biggest car maker.

Meanwhile, ICI executive directors themselves sit on the boards of at least five FTSE 100 manufacturers, one insurance company and two UK banks.

The UK clearing bank chairman is Sir Jeremy Morse of Lloyds, one of the City's best-known names, whose Blair for strategy will no doubt be an asset in coming weeks.

ICI can also boast a man in the Barclays board room in the shape of chairman Sir Denys Henderson, and a deputy chairman of Midland Bank in Sir Patrick Mooney, chairman of the Bank of Montreal, who is an ICI non-executive.

Sir Antony is a director of National Westminster Bank, giving the group a complete set of the UK clearers.

Executive director Mr Thomas Hutchinson is on the board of Bank of Scotland. The former US Federal Reserve chairman is Mr Paul Volcker, whose other directorships include Nestlé, the Swiss food group which bought Rowntree for £2.55bn in 1988, and the Prudential Insurance Company of America.

Ms Ellen Schneider-Lenné,



Sir Antony Pilkington, left



Sir Jeremy Morse, middle



Paul Volcker, right

who sits on the board of managing directors of Deutsche Bank, is also a director of Morgan Grenfell, its UK merchant bank which advised BTR in that unsuccessful Pilkington raid.

Mr Tom Wyman, an ICI non-executive director since 1986, sits on the boards of General Motors and American Telephone and Telegraph in the US, and United Biscuits and SG Warburg in Britain.

Lord Chilvers, chairman of RCC - the building products group, and Mr Walter Klep, a member of the supervisory board of Volkswagen and director of both Marsh & McLennan and Bank of Montreal, complete the group's quiver of non-executive directors.

Mr Shohichi Saba, adviser to the Toshiba board, and Sir Alex Jarratt, chairman of Smiths Industries, and deputy chairman of Midland Bank and Prudential Corporation, retired at the last AGM.

As well as his Barclays commitment, Sir Denys sits on the board of RTZ, the world's biggest mining group. He was formerly a director of Dalgety.

Other senior ICI executives are directors of British Aero-

space, Thorn EMI, Hawker Siddeley, Cadbury Schweppes, Grafton Group and the Commercial Union Assurance Company. Mr David Barnes was on the board of BAT & Commonwealth, the financial services group which collapsed last year.

Just in case anyone thought it was taking the Hanson threat lightly, ICI has meanwhile engaged the services of three blue-chip merchant bank advisers to prepare a comprehensive defence package.

Schroders and SG Warburg, its two long-standing domestic financial advisers, are co-ordinating their ICI-related workloads in large degree, while Goldman Sachs - perhaps the most conservative of the Wall Street houses - is also beavering away quietly in the background.

Schroders' experience in major defences is particularly impressive, having defended Pilkington, Warburg and Consolidated Gold Fields against headline-grabbing hostile bids.

It will be small comfort to ICI that Pilkington is alone among this trio in retaining its independence, with Gold Fields eventually surrendering to a

revised \$3.5bn offer from Hanson.

Warburg and Goldman Sachs were both among the quartet of merchant banks which advised BAT Industries when it fended off the £13.5bn bid by Sir James Goldsmith's Hoylelake consortium last year.

Unlike ICI, Hanson appears to date to have confined itself to one merchant bank adviser - NM Rothschild, whose team is headed by Mr Russell Edey and Mr Bill Staple with the close involvement of Sir Michael Richardson.

It is, however, being assisted by three high-profile public relations advisers: Dore Rogers, Lowe Bell and Mr Brian Basham's Warwick Corporate.

In the great and good department the conglomerate has some impressive contacts of its own, although it is no match for ICI in the sheer breadth of its formal connections.

Perhaps the most intriguing member of the conglomerate's board is Mr Charles Price II, the former US ambassador to Britain, who is chairman and chief executive of Americane, the Missouri-based bank holding company.

Mr Price, who joined the Hanson board on leaving US

government service in 1989, is a director of Texaco, New York Times Co, United Telecommunications and British Airways.

The other two Hanson non-executives are Mr Rudolph Agnew, the former Consolidated Gold Fields chairman, and Mr Christopher Harding, chairman of British Nuclear Fuels. Mr Agnew's other directorships include Standard Chartered, the UK bank.

Hanson executives currently hold surprisingly few outside directorships, although the group says that such appointments are generally encouraged.

Lord White, who runs the US arm of Hanson's activities sits alongside Mr Price on the British Airways board. He and Lord King, the British Airways chairman, are old friends.

Mr Martin Taylor, the group's vice chairman and customary spokesman, is a director of Vickers. He also sits - like Sir Antony Pilkington - on the National Westminster Bank board.

Clearly, the ripple effect will extend into other boardrooms if a Hanson bid does in time emerge.

Red Dragon Radio chairman departs

By Jane Fuller

THE CHAIRMAN of Red Dragon Radio, which is 80 per cent owned by Mr Owen Oyston's Trans World Communications, has resigned amid complaints about Trans World's management.

Mr Theodore Shepherd said he was most unhappy about the role of independent directors representing the minority shareholders, were allowed to play. "I am unwilling that they act merely to rubber stamp decisions made by Trans World."

Four other non-executive directors have resigned with him, leaving only one local representative on the board. It used to have a dozen members from Trans World and the original Cardiff and Gwent broadcasting companies.

Mr Shepherd cited the recent removal of Red Dragon's managing director, Mr Neil Jones, as one bone of contention. Another was a lack of information about Trans World's debts and their impact on the minority shareholders' investment.

Trans World fell into the red last year, hit by provisions against the Miss World contest. It had been burdened by debts of about £2m after the 1989 purchase of Piccadilly Radio.

No-one was available for comment at Trans World last night.

GPG pushes ahead by 33% to £3.6m

GPG, the investment company, yesterday reported a 33 per cent increase in pre-tax profits from £2.7m to £3.6m for the six months to end-March.

Shares of GPG, one wing of the former Guinness Peat Group, were suspended in December at 23p.

The group chaired by Sir Ron Brierley, the New Zealand entrepreneur, recently won support for a restructuring deal designed to restore GPG's Stock Exchange listing.

NatWest to sell its French headquarters

By David Barchard

NATIONAL Westminster, the UK banking group, is to sell off the Paris headquarters of its French operations in the Place Vendôme.

Announcing the move yesterday, the bank declined to comment on reports that Mr Robert Allemen, NatWest managing director in France, is to be replaced after a disagreement between him and head office in London over strategy.

"We do not comment on staff matters," directors said.

The sale of the bank's French head office, situated in

the heart of Paris, could fetch between \$20m and \$30m.

NatWest emphasised yesterday that it is not withdrawing from the French market, describing France as a strategically important country for it.

"We are pursuing strategies to improve long-term profitability and growth," directors stated.

NatWest has been struggling to contain costs after its costly income ratio, a key measure of a bank's efficiency, rose to just under 71 per cent last year, the highest figure in its history.

Eadie chairman resigns and gives trading warning

By Michio Nakamoto

MR RODERIC Mather is resigning as chairman of Eadie Holdings, a USM-quoted maker of specialist wire products, with effect from May 31, in order to pursue other interests.

He will be succeeded by Mr Peter Brown, a non-executive director.

Mr Mather announced his resignation at the annual meeting yesterday when he also warned that trading conditions in the transport and wire industries continued to be depressed.

In the year to December 31, the group reported a pre-tax loss of £504,000 compared with profits of £1.18m. Turnover fell to £23.32m (£25.42m) as demand for the group's transport equipment fell amid declining new truck registrations and equipment replacements.

In an effort to cut costs and reduce debt, the group merged two of its wire companies and sold its Alloy Wire subsidiary to its management in February. The final dividend is passed.

Hickson director quits earlier than expected

By Claire Pearson

MR MICHAEL Taylor has resigned as finance director of Hickson International four months earlier than expected in the latest boardroom upheaval at the chemical, timber protection and merchant distribution company.

Hickson announced the resignation at the end of last month but he had previously been expected to stay

until the end of September. Last November Mr Kah Schofield assumed the role of chief executive, taking over from Mr Tom Robson who became chairman after the resignation of Mr John Mayhew.

The company yesterday said it could not comment on the earlier-than-expected departure of Mr Taylor, 44, who had worked for Hickson since 1986.

NEWS DIGEST

Castings second half slowdown

Castings finished the year ended March 31 1991 with an increase in pre-tax profit of 4 per cent, from £9.96m to £10.42m.

Turnover for the year came to £23.65m (£22.83m). Earnings rose to 13.35p (12.76p) and the interim dividend is 2.53p (2.4p).

In the half year ended March 31 1991, turnover came to £11.42m, against £11.42m. Earnings worked through at 8.5p (7.1p) and the interim dividend is 1.26p (1.2p).

Perpetual edges up to £0.9m

Perpetual, the manager of UK and Jersey-based offshore trusts, lifted taxable profits by just 3 per cent, from \$975,000 to \$1,000,000, in the six months to March 31.

Earnings emerged at 2.37p (2.4p) and the interim dividend is again 0.8p. Sales were down to \$90.28m (\$95.62m).

GW Thornton lifts profit to £867,000

GW Thornton, which now focuses on specialist engineering activities, increased pre-tax profit from £735,000 to £867,000.

James Dickie incurs loss of £57,000 in first half

JAMES DICKIE, USM-quoted forging and casting company, made a £57,000 pre-tax loss in the six months to February 28. The deficit compared with profits of £38,000 for the half year to April 30 1990. It was struck from turnover of

£16.21m (£18.6m). Exceptionals accounted for £50,000 (£154,000). There was a nil tax charge (£106,000) which left losses per share at 0.5p (1.1p). The interim dividend is omitted - shareholders received 1.0125p previously.

COMPANY NOTICES

GADEK (MALAYSIA) BERHAD (Incorporated in Malaysia)

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at the Raya Room, Mezzanine Floor, Equatorial Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 20th June, 1991 at 12.00 noon for the following purposes:-

1. To receive and adopt the accounts for the year ended 31st December, 1990 and the directors' and auditors' reports thereon.
2. To approve the payment of a final dividend of 8 sen per share less 35% Malaysian Income Tax.
3. To fix and approve Directors' fees for the year ended 31st December, 1990 amounting to \$28,179.
4. To re-elect directors.
5. To appoint auditors and to authorise the directors to fix their remuneration.
6. To transact any other ordinary business.

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed from 22nd June, 1991 to 26th June, 1991 (both dates inclusive) for the preparation of the dividend warrants. The dividend, if approved, will be paid on 27th July, 1991 to shareholders whose names appear on members' register on 21st June, 1991. Duly completed transfers received by the company's Registrars, SPK KHDHAT SDN. BHD., up to 5.00 p.m. on 21st June, 1991 shall be accepted for registration for the above purposes.

Kuala Lumpur
By Order of the Board
AHMAD SHAHAB BIN HALI DIN
RIZWAN BIN MUSTAFFA
Secretaries

NOTES

1. A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to stand and vote in his stead. A proxy need not be a member of the company unless he is, then by the provisions of Section 149(1)(b) of the Companies Act, 1965, he must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
2. The instrument appointing a proxy must be deposited at the registered office of the company not less than 48 hours before the time set for the meeting.

LEGAL NOTICES

NURAL COATING MACHINES LIMITED

Registered number: 280048
Nature of business: Engineering
Trade classification: 97
Date of appointment of administrative receiver: 14 May 1991
Name of person appointing the administrative receiver: Mitsui Bussan Kaisha Ltd
Name of Administrative Receiver: J. J. Vignati and J. M. Ingle
Office holder: Mitsui Bussan Kaisha Ltd (INC) at Orchard House, 10 Albion Place, Melbourne, Vic 3048
VAT No: 280 000 000

CLUBS

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CONTRACTS & TENDERS

MINISTÉRIO DAS FINANÇAS
TENDER

Through executive order nr. 46/91-XI issued by the Minister of Finance, published in Diário da República nr. 117, 2nd Series, on the 22nd May 1991, we hereby announce a pre-qualification tender for the preparation of economic and financial evaluation studies of public sector enterprises in the context of the privatization process, as well as for technical assistance with the corresponding operations.

THE THARSIS PUBLIC LIMITED COMPANY

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of THE THARSIS PUBLIC LIMITED COMPANY will be held at Naxos de Babilonia 120 Madrid 28008 on Thursday 20th June, 1991 at 12 noon for the following purposes:-

1. To consider and adopt the Report of the Directors and the Accounts for the year ended 31st December 1990 with the Report of the Auditors thereon and declare a final dividend (Resolution No. 1).
2. To re-elect Directors (Resolution Nos. 2-5).
3. To re-appoint the Auditors and to authorise the Directors to determine the remuneration of the Auditors (Resolution No. 6).

The dividend if authorised at the Annual General Meeting will be payable on or after 27th June, 1991 as follows:
(1) By dividend warrant to registered Shareholders on the Register at 3rd June, 1991
(2) To holders of Share Warrants to Bearer on presentation of their warrants at any of the following offices:

Bank of Scotland, 55 Old Broad Street, London EC2P 2PL
Lazard Freres et Cie, 121 Boulevard Haussmann, Paris
Banque Generale de Luxembourg S.A., 14 rue d'Alger, Luxembourg
Banca Santander, 10 Moorpark, London EC2P 8LD
Banca Santander, 38 avenue de l'Opera, Paris 75002
Banca Bilbao Vizcaya, 100 Canon Street, London EC4N 6EH
Banca Bilbao Vizcaya, 28 avenue de l'Opera, Paris 75002

Having regard to the considerable expense which will be involved in the issue of new coupon shares to holders of Share Warrants to Bearer, the Directors think it right to bring to shareholders attention the advantage of having their holding converted to registered form. A conversion will ensure that dividends and any securities which may be allotted on a capitalisation or rights issue are received on the due date and without incurring collection or handling charges which can be considerable and, in the case of small holdings can exceed the amount of dividend collected.

The Directors urge shareholders to consider seriously the conversion of their holding into registered form. A "Conversion Form" can be obtained from:
Registrars and Transfer Offices,
BANK OF SCOTLAND,
Register Department,
25a York Place, Edinburgh EH1 3EY

By order of the Board
R. PETERS, Secretary

NOTES

1. Any member of the company entitled to attend and vote at the Annual General Meeting convened by the foregoing Notice is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the company. To be effective forms of proxy must be deposited at the Bank of Scotland, Register Department, 25a York Place, Edinburgh, not less than 48 hours before the time specified for the meeting.
2. Holders of Share Warrants to Bearer who wish to be present at the Meeting or vote by proxy may obtain instructions from the Register Office of the Company or the following appointed for the meeting:

Lazard Freres et Cie, 121 Boulevard Haussmann Paris 8e;
Banque Vienne et Commerciale de Paris, 52 Ave. Hoche, Paris 8e;
Banque de Paris et des Pays-Etrangers, 10 rue d'Artois, Paris, 8e;
Credito Italiano, Lombard Street, London
Lloyds Bank (Belgium) S.A., 2 Ave de Terwarent, Brussels 1040;
Banque Generale de Luxembourg S.A., 14 rue d'Alger, Luxembourg.

3. There are no contracts of service between the Directors and the Company at the date of the notice.

SAARC INC.

formerly

SOUTH AMERICAN ASSETS
REALISATION COMPANY

Holders of shares in SAARC INC. and whose shareholdings are registered in the marking name of J. Henry Schroder Wagg & Co. Limited are informed that SAARC INC. has paid a dividend to holders of record 30 November 1990, of Canadian Dollars 3.50 per common share.

Such shareholders who have not already done so may now present their share certificates for payment of the dividend to:-

Coupons Department
Schroder Investment Management Limited
1st Floor, 33 Cutter Lane
London EC2V 8AS

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April 1991



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Banca Popolare di Milano - London Branch
Banca Commerciale Italiana - London Branch
Monte dei Paschi di Siena - London Branch
Credito Lombardo

Subscribers - domestic Lire

Istituto Bancario S. Paolo di Torino
Credito Lombardo
Banca Eurobancaria
Banca Popolare di Napoli
Cassa di Risparmio di Perugia
Banca di Legnano
Banca Popolare Abruzzese e Marchigiana
Banca Popolare di Aprilia
Banca Popolare di Milano
Banca della Capitanata
Banca Popolare Commerciale e Industriale
Banca Popolare di San Paolo sul Panaro
Cassa di Risparmio di Verona
Vicenza Belluno e Ancona
Banca Popolare del Cassinate
Banca Popolare di Cremona
Credito Valtellinese

Bidders - domestic Lire

Istituto Bancario S. Paolo di Torino
Cassa di Risparmio di Ravenna
Banca della Capitanata
Banca Popolare di Bergamo
Banca Popolare di Lanciano
Cassa di Risparmio di Verona
Vicenza Belluno e Ancona
Banca Popolare del Cassinate
Banca Popolare di Milano
Dresdner Bank
Banca del Salento
Banca Popolare di Intra
Banca Sicula
Banca di Legnano
Banca Popolare Abruzzese e Marchigiana
Banca Popolare di Cremona
Credito Valtellinese

Agent Bank

ISTITUTO BANCARIO S. PAOLO DI TORINO

Legal Advisor

Studio Caracutti - London

European
Assets Trust
N.V.

The net asset value at
30th April, 1991
DfL 8.27

UK COMPANY NEWS

17% fall in national advertising revenue offsets local increase

Metro Radio falls 24% to £0.71m

By Jane Fuller

METRO RADIO, the USM-quoted commercial radio group based in Newcastle which last October won a £16m battle for Yorkshire Radio, reported a 24 per cent fall in pre-tax profit for the six months to March 31.

The bitterly fought takeover brought in four radio stations with a catchment area of more than 4m adults, nearly twice as many as in Metro's north-eastern stamping ground.

Taxable profit fell to £709,000 (£837,000) on turnover of £5.7m (£3.87m). Fully diluted earnings per share suffered a much steeper fall to 3.01p (5.84p) as the deal involved issuing 6.8m shares, taking the total to 16.4m.

Trading profit rose to £782,000 (£725,000) with the help of £217,000 from YRN, where the advertising revenue was increased by 4.2 per cent to just over £2m.

Overall, a rise in local advertising revenue was offset by a 17 per cent fall in national income. Mr Neil Robinson, chairman and chief executive, said demand had been very low during the Gulf war.

Mr John Joseph, finance director, said net debt at the interim stage was about £2.5m, compared with £2.75m cash held in September. Net assets had been knocked back to £1m, reflecting a goodwill write-off

of between £13m and £14m, including £1.2m bid costs, arising from the takeover. He expected gearing to be down to 100 per cent by next September following the sale of Yorkshire Radio's subsidiaries in Singapore.

Apart from issuing shares, Metro had had to find nearly £7m in cash to fund the purchase of YRN, which held less than £800,000 after incurring defence costs of about £700,000.

Metro had net interest charges of £73,000 for the six months compared with £212,000 income in the corresponding period of last year.

The interim dividend is held at 1.5p.

COMMENT

Although YRN's radio stations contributed the best part of £1.5m in pre-tax profit in 1989-90, they plummeted to a mere £22,000 at the trading level in the first half of last year. Metro's efforts to boost sales have already effected something of a recovery, but there is a long way to go before the acquisition fully justifies a 70 per cent enlargement of share capital and the outlay of nearly £7m cash. Yet such is the potential for increased advertising spending to run through to the bottom line, that this should look a good



Neil Robinson: low demand during Gulf war

buy in two years' time. It will, however, test Metro's management as it tries to increase both audience and advertiser penetration in Yorkshire. Metro has scope for further local radio acquisitions groupings and may also play a part in one of the later national franchise bids. A forecast pre-

tax profit of £2m this year puts the group on a prospective p/e of 20 on yesterday's close of 164p. The high rating reflects both recovery potential and illiquidity. Most of the equity is held by a few large investors, including Capital Radio, Chrysalis Group and TV-am.

\$11.6m US purchase by Simon Engineering

By Maggie Urry

SIMON ENGINEERING, the engineering, environmental and industrial services group, is buying Hydro-Search, a US groundwater and environmental consulting business for up to \$11.6m (£6.7m).

It is paying an initial \$10.3m and up to another \$1.3m depending on results for the year to end-July.

The business will form part of the environmental division which Simon formed in January. It bought four other US environmental companies in 1990 and last week declared unconditional an agreed £53m bid for Robertson Group.

Hydro-Search is based in Denver, Colorado and has offices in Wisconsin, Nevada and California. Simon said it would fit in well with Robertson's offices in Texas, Oklahoma and California. In the six months to end January Hydro-Search made pre-tax profits of \$705,000 on sales of \$7m.

Simon's environmental business involves advising on treating industrial effluent, polluted water or sewage. In 1990 the division accounted for nearly 12 per cent of group trading profits.

FKI appoints Nthn Telecom director to strengthen board

By Jane Fuller

FKI, the engineering group which has suffered a series of setbacks since it merged with and then demerged from Babcock International, has moved to strengthen its board with the appointment of Mr Arthur Walsh, non-executive chairman of Northern Telecom Europe.

His appointment as a non-executive director of FKI follows the departure of Mr Tony Garland as non-executive chairman, a post now filled by Mr Jeffrey Whalley, formerly deputy chairman.

FKI has disappointed since its £415m merger with Babcock International in 1987.

In spite of extensive rationalisation, its share price fell and the move was unravelled in 1989. Part of that plan was to sell the US operations, but that fell through.

Since then, the US businesses have been hit by troublesome contracts and weak demand, notably from the motor industry.

Mr Norman Scouler, FKI's chief executive, has spent a great deal of time in the US sorting out these problems.

When Mr Garland resigned last month, he also placed a 5.5 per cent share stake.

His other business interests include Garland and Whalley Securities, in which he is a partner with Mr Whalley.

Mr Walsh, 64, was chairman and chief executive of STC, the telecommunications equipment manufacturer, prior to its £1.9bn merger with Northern Telecom of Canada last November.

He is the second appointment to the FKI board since Mr Garland's departure.

The other one, Mr Bob Murray, was joint founder and vice chairman of the Spring Ram bathrooms and kitchens group.

His current posts include chairing The Sovereign Capital Corporation and Sunderland Football Club.

Mr Walsh's arrival at FKI keeps up the inflow of former GEC executives.

Mr Scouler was managing director of various subsidiaries until his move to FKI in 1987 and another director, Mr Alan Baxter, was managing director of GEC-Alsthon's European switchgear operation until early 1990.

Lowndes Lambert to seek listing

By Richard Lapper

LOWNDES Lambert, the specialist insurance and reinsurance broker, has confirmed that it is to seek a stock market listing in the summer, possibly during July.

The decision was made following discussions between management shareholders and the institutional investors who backed the group's management buy-out from Hill Samuel in 1988.

Lowndes Lambert has appointed Kleinwort Benson Securities to advise on the flotation and act as a broker.

Lowndes Lambert is a marine, non-marine, aviation insurance and reinsurance broker specialising in professional indemnity, bloodstock and construction risk insurance.

For the year to March 31 1990 Lowndes Lambert reported pre-tax profits of £5.1m, an increase of 89 per cent on the previous year. Turnover rose by 34 per cent to £46.1m during the same period.

Unaudited results for the year to March 31 1991 indicate that the group's growth in revenue and pre-tax profit has continued.

COMPANY NEWS IN BRIEF

ACKERS JARRETT, commercial vehicle contract hire and rental services group, has paid £6.25m for Tractrent. Vendor was Hartwell.

AMEC rights issue was taken up as to 49.96m new ordinary shares (87.8 per cent) and all the 8.85m shares not taken up have been placed at 214p per share. AMEC has also strengthened its position in the power industry via the acquisition of Hawker Siddeley Power Engineering. No price was disclosed.

BRITISH LAND is continuing its retail expansion with the £21.5m purchase from Alders of three department stores in Chatham, Portsmouth and Hull in a sale and leaseback transaction.

CARLTON COMMUNICATIONS has terminated discussions with Chyron with regard to the possible acquisition of part of its business and assets.

CASTLE MILL has reached agreement to acquire 20 per cent outstanding balance of Fashion Accessories International, its clothing design and import subsidiary. Consideration satisfied by the issue of 1m new shares and £30,000 cash on completion. In the year to end-December 1990 F&I generated pre-tax profits of £387,000. At that date net assets, before payment of a special dividend, amounted to £840,000.

CHEMBRING has paid £1.54m for Octavius Hunt, which makes smoke pesticides and specialist matches. Consideration will be met with 108,125 ordinary shares, £500,000 secured loan notes, and £386,000 cash.

CITYVISION: Austrian subsidiary Cityvision Videotheke (CEV) is to pay Schi5m (£790,000) for 15 video film hire stores in Vienna from Video Paradies Gesellschaft and Argi Videothekebetriebsgesellschaft, which will be operated as Ritz Family Video Stores.

COWAN DE GROOT: Wilton now owns over 47 per cent of the ordinary and 29 per cent of the preference shares. Offers extended until June 4.

DALGETTY has confirmed the sale of its US produce interests for \$38.7m (£16.5m) to a Californian-based investment group including senior management of the company.

EXPANET INTERNATIONAL is selling Mayor Turnstiles to its management for a maximum £1.05m cash plus repayment of bank overdraft of £187,000.

FARNELL ELECTRONICS has bought the capital of the holding company of Cayson Engineering for £3.5m. Cayson supplies standby power systems to the telecommunications industry.

F&C EUROTRUST: Net asset value fell to 160.5p at March 31 against adjusted 168.5p a year earlier. Losses per share for six months to end-March came out at 0.3p (0.9p).

IMI is investing an initial £3m in expanding its fluid power

operations in the Pacific with the opening of a new pneumatic equipment plant in Singapore.

GRAND METROPOLITAN is selling Wienerwald, its German branded chicken restaurant business, to the Wiget Organisation. The transaction is not material to GrandMet shareholder funds.

LONDON INTERNATIONAL Group has entered into a joint venture with Royal Industries Thailand to manufacture and distribute Kinglet and Duxor condoms in Pacific markets. LIG's initial investment is £2m, giving it a 60 per cent share and operational control.

MANDERS has paid £800,000 cash to buy Millden Eagle from the administrative receivers. Millden makes decals and transfer markings.

MEZZANINE CAPITAL & Income Trust 2001: Net asset value per capital share 136.6p and per income share 106.1p at March 31. Net revenue for the year £2.8m (£2.24m) for earnings of 15.65p (14.95p). Final dividend maintained at 7.5p for an unchanged 14.5p total.

NORTHERN FOODS is buying Eldale Farms of Scaisset, West Yorkshire, for £3.13m satisfied by £2.53m in cash and the balance in shares.

NORTH SEA ASSETS has bought Alpha Offshore Engineering and Management Services and 49 per cent of Alpha Services Norge for a total of £200,000.

NSM has sold its Bison Cellular Extrusions subsidiary to Rugby Group for £2.61m cash and the settlement of an intra-group loan of £1.49m.

PITTENCRIEFF is making a recommended offer of £1.51m for Owl Creek Investments to expand its oil and gas production in the US. The offer is one new Pittencrieff share for every 50 OCI shares, or 2.125p cash per OCI share, and acceptances have been received for 55.7 per cent of OCI.

SANDERSON Murray Elder rights issue has been taken up to the extent of 91.8 per cent. Balance sold in the market.

SOUTHERN PROPERTY Holdings: shareholders have applied for 1.35m new ordinary shares, representing 9.47 per cent of the 14.22m shares in the open offer. The balance will be subscribed for by the conditional places.

SYNAPSE COMPUTER Services has sold 51 per cent of Synapse Italia, its Italian subsidiary, to its management for £200m (£92,000) plus £114m (£53,000) in settlement of inter-company indebtedness.

UNITECH has sold 55,000 shares in Nemic-Lambda through the market at £10.218, raising £2.4m before tax and expenses; its holding is now 51 per cent valued at £250m at current market price and exchange rates. Next month Nemic will acquire the Israeli manufacturing and distribution companies from Lambda Electronics, a US subsidiary of Unitech.

What's wrong with your current financial structure?

Is your gearing too high? Are you unable to raise the funds you need to develop the business?

that even the best thought-out financial structure may not be ideally suited to today's climate.

It goes without saying that for some firms, such problems have

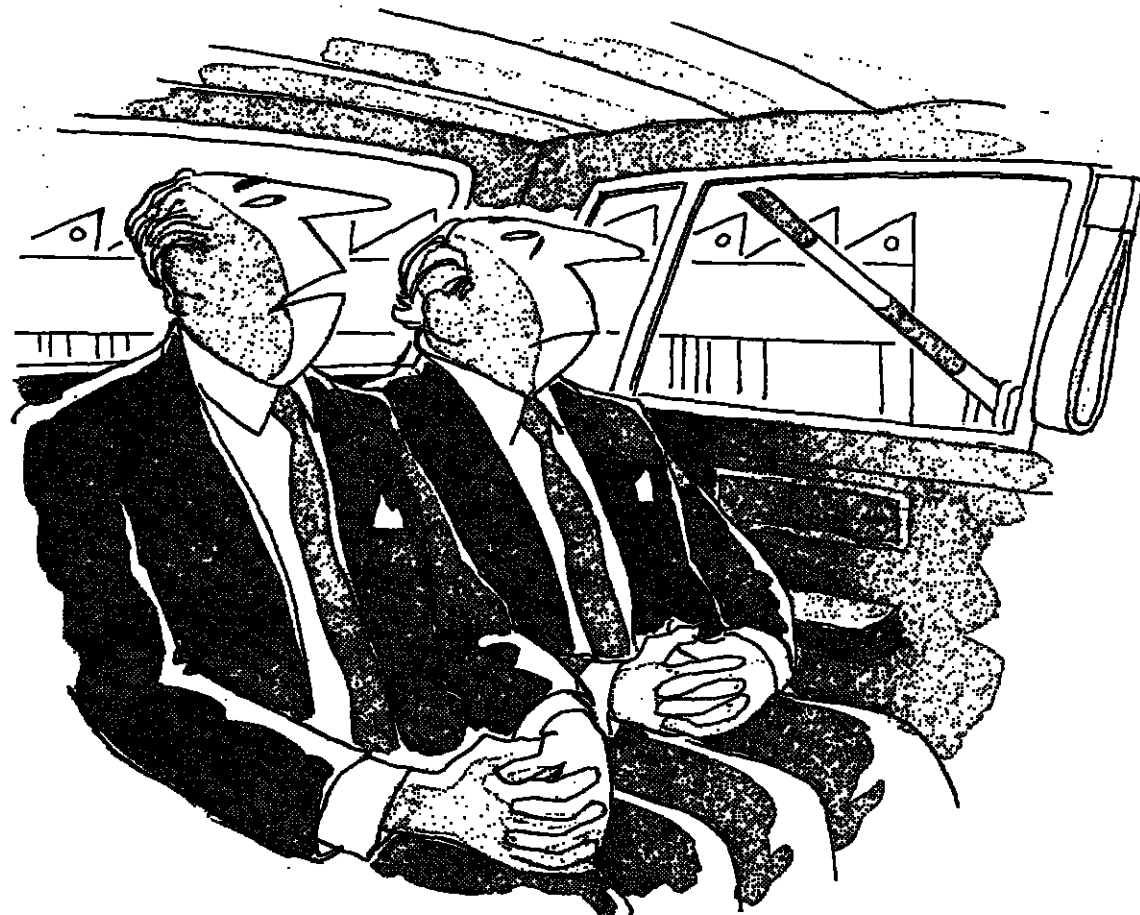
frustrating sense that dealing with the recession in their current financial state is like facing a formidable foe with one hand tied behind their backs.

At Charterhouse, untying knots is something of a speciality.

We start from the premise that it's never easy. It's not usually that hard to diagnose what's wrong with your current situation: the difficulty lies in developing an alternative which responds to the needs of your business plan, and which is acceptable to all interested parties.

Whether it is a question of refinancing bank debt, a rights issue to raise new capital, or simply finding a friendly equity investor, Charterhouse will do everything possible to meet the needs of your business.

If you would like to discuss the Charterhouse approach – and your position in more detail, telephone Simon de Albuquerque today on 071-248 4000 to arrange a preliminary meeting.



**"Option one: we refinance.
Option two: we hope for a good fairy
who grants us three wishes."**

Are you spending too much time negotiating with your bankers?

Questions like these are relevant to all sorts of companies these days. Common sense says

disastrous consequences.

But for every catastrophe which hits the headlines, hundreds of firms are experiencing less acute distress – and also, a

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
BLP 5	nil		0.25	0.5	2
City of London	2.05	July 24	1.86	3.09	2.81
Dickie (James)	nil		1.0125	-	1.0125
Metro Radio	1.5	July 4	1.5	5.0	5.0
Monks Inv Trust	4.7	Aug 1	4.2	8.7	8
Roche & Nolan	5.5	July 25	2.7	8.6	4.3
Value Income Tel	1.25		1.2	2.7	2.2
Westland	1.25	July 31	1.25	-	3.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. US\$M stock.



Charterhouse Bank Limited, 1 Paternoster Row, St Paul's, London EC4M 7DH. Charterhouse Bank Limited is a Member of The Securities and Futures Authority. A Royal Bank of Scotland Company.

UK COMPANY NEWS

Members of Polly Peck creditors' committee named

By David Barchard

THE POLLY Peck creditors' committee meets today to consider details of the administrators' proposals for the group's future, approved last Friday by a creditors' meeting in London.

Members of the committee, which was elected at the meeting but whose composition was disclosed only yesterday, are Standard Chartered, Credit Suisse First Boston, Société Générale, Rabobank Nederland, and SG Warburg.

They will consider ways of managing the three strongest businesses in the group, PPI Del Monte, Sansui, and Vestel while selling off most other food, packaging and leisure operations in order to raise

some of the £1.1bn the group's creditors are owed.

Eleven other creditors have been co-opted to the committee as non-voting members. They are Credit Agricole, Arab Banking Corporation, Friends Provident, Bayerische Vereinsbank, Banco Bilbao Vizcaya, National Bank of Canada, Fostel, Fidelity Investment Services, Riggs AF Bank, Mr William Grosvenor, and First City, Texas.

The election of Mr Grosvenor, whose PR company Wheatheaf acted for Polly Peck before its collapse, is something of a surprise. Mr Grosvenor said on Friday that he would try to represent suppliers and smaller creditors.

BOARD MEETINGS

TODAY
Interline - Carlton Communications, MEPC, North American Gas Investment Trust.

Friday - Collingwood, East Surrey Water, European Colour, Gates (Frank G), Hester Smith, Mercury Asset Management, Mid-Met, Optical & Medical, Ritz Design, Scott Pictorial, Southwark, Warburg (SG).

FUTURE DATES
Interline - June 13
Bradstock - June 13
Chenier Int - June 13
French (Thomas) - June 13
WMS - June 13
London & Clydeside - June 13

Wednesday - June 13
Watson & Philip - June 13
Preston - June 13
Amersham Int - June 13
SBS Ind - June 13
Bard - June 13
Channel Express - June 13
Electrocomp - June 13
GEI Int - June 13
National Grid Co - June 13
National Grid Wp - June 13
Quadant - June 13
Prest Int - June 13
Rawlinson Securities - June 13
South Western Electricity - June 13
TDS Circuits - June 13
Vesper Technology - June 13
Wolpac - June 13

Rolfe & Nolan 27% higher at £1.5m

By Michio Nakamoto

BUOYANT trading in financial futures and options markets supported at 27 per cent increase in pre-tax profits to £1.45m at Rolfe & Nolan Computer Services, the computer software specialist, for the year to February 28.

The improvement came on turnover of £6.3m (£5.46m) which reflected firm demand for management and support services in the financial derivatives industry and strong new demand for specialist computer software services in continental Europe where the group has added nine new licence clients.

In contrast, sales to new customers in the UK remained flat as many participants either moved out of the market or turned to lower cost options in an attempt to reduce costs.

Recurring revenue from its bureau and facilities management and software support operations, which comprise 70 per cent of total group revenue, increased by 18 per cent to £4.39m (£3.72m).

Earnings per share rose to 17.7p (13.8p) and a final dividend of 3.5p is recommended, making a total of 5.6p (4.3p).

BLP in loss and plans disposal

BLP GROUP, a USM-quoted maker of wood laminates and mouldings, is selling its Berg subsidiary for £5.1m, writes Nigel Clark. The German company was bought two years ago for £14.5m.

The sale was announced at the same time as a fall into losses in the second half of 1990. The pre-tax loss for the year was £198,000, compared with profits of £2.1m on turnover of 14 per cent higher at £54.63m (£48m).

Berg is being sold to a group of purchasers which includes Mr Gunther Berg, its founder and former owner. As a result BLP's gearing will fall from 60 per cent at the end of 1990 to 10 per cent.

BLP's profits of £468,000 (£1.7m) at the interim stage were said to have been almost entirely attributable to a good performance in Germany by Berg.

When the larger Berg was acquired in April 1989 it was greeted as an example of the spirit of 1992 and the single European market. BLP described the purchase as a quantum leap which required a doubling of its share capital.

The deal follows the sale last year of TBS for £1.75m to its former owners.

For the future BLP said that the short-term economic outlook remained difficult in the UK and US and it would not be realistic to expect a recovery during 1991.

Operating profit was much

reduced at £884,000 (£2.39m) and the interest charge was almost trebled at £597,000 (£293,000). Losses per share came out at 8.88p (earnings 3.81p) and the final dividend is passed (0.5p) leaving a total for the year of 0.25p (2p).

Compensation limits Kelsey fall to 26%

Kelsey Industries' roofing business was badly hit by the recession and taxable profits fell 26 per cent in the half year to March 31.

Mr Brian Arbib, chairman, said he was certain that the year's result would be well below 1989-90, when pre-tax profit was £344m.

Including £350,000 compensation received following a claim against a supplier this time, interim profits worked through at £1.11m (£1.5m).

Turnover was £21.45m (£24.85m), reflecting a downturn in most of the companies. Earnings per share were 19.5p (27.5p) but the interim dividend is held at 8p.

Pathfinders asks for share suspension

Dealings in Pathfinders Group have been suspended while the USM-quoted company is in negotiations over a sizeable acquisition.

It is having talks which may lead to the purchase of an

unquoted food distribution company.

Monks Inv Trust net asset value up 4.3%

Net asset value per share of the Monks Investment Trust stood at 398.5p at the year ended April 30, a 4.3 per cent increase on the 383.2p 12 months earlier.

The trust made net purchases of £9m in south-east Asia and a further £10m in the UK. This was offset by net sales of £25m in the US, reflecting the weak economic background and relatively high valuation of the US market.

Earnings per share rose by 15 per cent to 7.48p (6.51p) and a recommended final dividend of 4.7p makes a 6.7p (6p) total.

Expansion at Fulcrum Trust

Lower interest rates and a positive contribution from the its dealing subsidiary helped Fulcrum Investment Trust lift net revenue for the half year to April 30 from £122,000 to £142,000.

Earnings per share were 4.42p (3.79p) and the interim dividend is 3.5p (3p).

Since November there has been a rise in net asset value per capital share of 28 per cent to 13.31p. At end-April 1990 it stood at 13.45p. Net per income share was 43.35p (42.9p).

ORESUND Region

The FT proposes to publish this survey on June 13th 1991.

It will be of particular interest to the 93% of the top chief executives in the UK/Eire and the 40% of leading chief executives in continental Europe who read the FT. If you want to reach this important audience with your advertisement, call

Chris Schaanning in London on (071) 873 3428 or fax (071) 873 3079.

Bradley Johnson in Sweden tel & fax +46 18 25 37 26 or Erna Pio in Copenhagen tel: +45 33 134 441 fax: +45 33 935 335.

FT SURVEYS

GREATER MANCHESTER

The FT proposes to publish this survey on June 14th 1991.

It will be of particular interest to the 150,000 readers of the FT who are of Director or Manager status in the UK. Not to mention the Financial Markets who rely on the FT for company information.

This survey will also prove to be very topical coming as it does hard on the heels of the announcement of Manchester's win of the UK nomination to host the year 2,000 Olympic Games. For copies of the editorial synopsis and advertisement costs contact:

Ruth Pincombe
Financial Times
Alexandra Building
Queen Street
Manchester M2 5HT
Tel: 061 834 9381
Fax: 061 832 9248.

Data source: BMRC 1990

FT SURVEYS

1990 Non-Consolidated Results

CHANGE FROM 1989

Customer deposits	+ 10.5 %
Loans to customers	+ 17.0 %
Customer securities under management	+ 44.5 %
Shareholders' equity	+ 9.2 %
Total assets	+ 7.6 %
Income before taxes	+ 14.2 %
Net income	+ 19.8 %
Dividends: savings shares	+ 14.3 %
Ordinary shares	

The year 1990 was a good year for our bank. Mergers are not always easy; ours appears to be working very well indeed.

We are now operating as one, well integrated bank. Much of the reason for this achievement comes from the fact that we were working together on a wide range of projects, several years before we actually merged.

Another reason is that, in a territorial sense, we were very complementary - with practically no overlapping of branches.

Our coverage of Italy's "top locations" is very

much on the increase. We now have some 370 branches, all in areas of prime economic importance. During the current year we plan to open a further 50.

Not only has commercial banking activity shown progress. Our financial and service subsidiaries have also done well. In merchant banking, our La Centrale company has net profit up by 23%; while our external sales company, Ambro-Italia, has increased its business by some 30%. More and more we are in the forefront as an important comprehensive banking and financial services group.

Copies of our Annual Report are available on request to our Group External Relations department

Banco
Ambrosiano Veneto
ITALY'S LEADING PRIVATE BANK



Piazza Paolo Ferrari 10, 20121 Milano - tel. (2) 85941, fax (2) 85947326, telex 434240 BAV CT I

FIRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LTD

International Depositary Receipts
Issued by
Morgan Guaranty Trust Company of New York
evidencing Ordinary Shares and Warrants

- Increased dividend**
In order to distribute the Fund's substantial retained capital gains over the remainder of the Fund's fiscal year, the Board has decided to increase by 50% to Canadian \$ 0.10 per share the monthly dividends of record May 31, 1991 and the following month ends until the end of the Fund's fiscal year, September 30, 1991. IRR holders will then be entitled to the US\$ equivalent of the increased dividend.
- New issue of warrants**
The Board has decided that, subject to regulatory approval, on June 28, 1991, a new class of warrants will be issued to all shareholders registered on that date.
One new warrant will be distributed for every two shares held. These new warrants will be exercisable at any time after October 1, 1991 and on or prior to June 30, 1994 at an exercise price of Canadian \$ 11.00. It is the Board's intention to apply for the new warrants to be listed on the Toronto Stock Exchange.
A coupon of the share-ICRs will be specified by the Depositary at a later date as evidencing the share-ICRs holders' entitlement.
Details regarding the new warrant issue will be provided at a later date.
- Redemption of currently outstanding warrants**
Holders of warrant-ICRs are reminded that the warrants evidenced by their ICRs expire on June 13th 1991. Each warrant enables its holder to subscribe for one ordinary share at an exercise price of US\$ 10. The shares have obtained full and final approval of the shareholders.
In order to exercise their warrant-ICRs, holder whose warrant-ICRs are held in the Euro-Clear or Cedit Systems should act in accordance with the appropriate clearing system's procedures and deadlines.
In order to exercise their warrant-ICRs, held outside the Euro-Clear and Cedit systems, holders must:
a) deliver their warrant-ICRs, to the Depositary at 30, avenue des Arts, 1050 Brussels, Belgium, for the attention of the ICR department, by June 13th 1991 at the latest, accompanied by irrevocable instructions to exercise the warrants and to subscribe for ordinary shares;
- other to be evidenced by ICRs to be delivered to a specific address;
- or to be registered in a specified name, which the holder must certify is not a US person (as defined on the warrant ICR), and to be delivered to a specified address; and
b) pay the subscription price of US\$ 10 per share subscribed and the depositary fee of US\$ 1.50 per 100 warrants exercised, with value June 6th, 1991 at the latest.
- by wire transfer to Morgan Guaranty Trust Company of New York, New York in favour of Morgan Guaranty Trust Company, Brussels account 070-01-400
- or by certified cheque payable to the issuer.
Warrant-ICR holders may obtain a warrant-ICR certificate from the Depositary if they so wish.
Morgan Guaranty Trust Company of New York, New York
as Depositary

Alarm raised over EC plan to allow 'patents on life'

By Geoff Tansey

debate. But it now looks as though it is they who have been left a little exposed. It will be more difficult for them to reject the reform package on the grounds that it will be more expensive.

The Commission got its reputation partly because Mr MacSharry threatened to take the price package out of farm ministers' hands and send it to the Community's finance ministers. The agriculture ministers can expect to see Brussels trying to bring their own proposals forward eventually, heads of government – more directly to bear on the farm policy reform debate.

Not only would the higher cost of a reformed regime not sanction this higher level, it is in the Commission's interest to get a full examination of the overall effect of reform, including the impact on national treasuries, benefits to the environment, consumer gains, and the effect on the CAP. It led CAP can unlock agreement in the Uruguay Round world trade liberalisation talks.

In July, the directive will go to the Council of Ministers, and the environment in which agricultural, environmental and Third World interests are not represented say Grain.

The European Patent Convention in 1973 explicitly excluded plants, animals and micro-organisms from patenting but the development of biotechnology has brought strong pressures for patent protection for their biotechnological products from European countries which fear they will lose out to the Americans and Japanese.

No longer will plant and animal breeders be able to use each other's techniques freely to bring new varieties to the market but will have to pay royalties to patent holders. Grain. This will also disadvantage breeders lacking strong biotechnology programmes.

The beauty of the Lake District imposes burdensome responsibilities on its hard pressed farmers

By David Richardson

This year he hopes the price will be somewhere between those of the last two. Meanwhile the value of wool has fallen as a result of world (mainly Australian) overproduction and is unlikely to be worth more than \$2 a fleece

prices, which virtually held the status quo was only a prelude to the main event of CAP reform. They wonder, when that happens, if the grants and guarantees on which they rely so heavily will be maintained or whether they will be thrown out in the interests of effi-

old draft while it says the commission is keeping the updated – and substantially modified – version close to its chest. “The whole exercise makes a mockery of democracy”, claims Ms Renee Velve of Grain. If the committee gives the go-ahead and the European Parliament approves the plan

animals by multinationals would lead to reduced species diversity and increase the vulnerability of food production. Patenting Life to Become Legal in the EC - An assessment of the draft EC directive on biotechnology patenting; Grain, Apartado 23398, E-08080 Barcelona, Spain.

MR. ALDO Hofmeister. buffer

stock manager for the International Natural Rubber Organisation, has denied plans to step up price support buying following a reported agreement between delegates at a meeting here last week, writes Lim Siong Hoon in Kuala Lumpur.

felt intervention should begin as soon as the 176 Malaysia/Singapore cents "may buy" level was breached there was no policy change. Last week's communique in which Inro said it needed "more effective buffer stock intervention" had been interpreted by producers, to mean more support buying.

Prices supplied by Metal

BULLION (last week's in brackets):
ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 1,600-1,650 (1,630-1,670).
BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 2,70-2,90 (same).
CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 1,85-1,95 (1,95-210).
COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 14.20-14.65 (14.30-14.60).
MERCURY: European free

market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 130-120 (285-255).

LYCENIUM: European free market, drummed molybdenic oxide, \$ per lb Mo, in warehouse, 2.48-2.52 (2.48-2.54).

SELENIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO_3 , cif, 54-60 (same).

VANADIUM: European free market, min. 98 per cent, \$ a lb V_2O_5 , cif, 2.35-2.40 (same).

URANIUM: **Nuexco** exchange /value, \$ per lb, U_3O_8 , 9.50 (same).

MARKET REPORT

GOLD PRICES rallied strongly in late afternoon trade as market talk of mid-Asian debt buying markets was short-circuited in the US. The London bullion market price touched \$361.50 a troy ounce — the highest level since April 18 — before closing at \$361, up \$4.8 from last Friday's close. "No one is sure of the buyer, but it looks like the Saudis are talking to a dealer said. He said the price fell below \$355 early in the afternoon before finding support. The easier dollar — added fuel to the fire" he said. The dollar's fall also influenced the London Metals market, with sterling-denominated copper price, which fell to a three-month low of \$1,270.50 a

London Markets.

[illegible]

tonne in the cash position. The three months price was down almost 20% sharply, by £30 to £1,288.50 a tonne. Although attention remained focused on labour relations at the Chilean Copper Corporation (Codelco), news that supervisors at El Salvador, the smallest of Codelco's mines, produced 90,000 tonnes of cathodes a year, had rejected a pay offer and voted to strike had little impact. Nickel closed sharply higher after rallying on nervousness ahead of the May 31 deadline for labour negotiations at Inco's world's largest producer. The cash price rose \$90 to \$6,360 a tonne.

Compiled from Reuters

SUGAR - London FOX (\$ per tonne)

Rate	Close	Previous	High/Low
Jul	147.41	171.80	173.40/170.00
Oct	168.40	170.80	172.80/168.80
Dec	172.40	175.00	176.00/171.00
Mar	171.40	173.00	174.00/172.00

White	Close	Previous	High/Low
Aug	230.5	230.0	234.5/230.5
Oct	236.0	238.0	251.5/237.0
Dec	252.0	250.0	253.5/252.0
Mar	257.5	257.0	262.0/257.0
Oct	251.0	247.5	248.1

Turnover: Raw 314 (891) lots of 30 tonnes.
 Wabco 1222 (1540)
 Price Index (75¢ per tonne): Aug 1977, Oct 79

CRUDE OIL - BPE		Sham	
	Latest	Previous	
Jul	19.47	19.35	19.54/19.26
Aug	19.70	19.35	19.79/19.35
Sep	19.65	19.60	19.73/19.73
Oct	19.50	19.95	19.70/19.98
Nov	20.00	19.95	20.00
Dec	19.50	19.25	

Turnover 5675 (8079)

GAS OIL - BPE		Sham	
	Latest	Previous	
Jun	176.50	176.75	178.50/177.00
Jul	175.25	172.75	175.50/174.25
Aug	176.50	175.00	178.00/175.50
Sep	176.50	177.25	178.00/177.75
Oct	180.00	177.75	181.50/180.00
Nov	182.50	182.00	182.50/182.00
Dec	183.00	182.50	183.50/182.50
Jan	181.00	176.75	181.00/180.50
Feb	177.20	177.00	178.50

Turnover 3171 (9539) lots of 30 tonnes

JUTE
 C and D Landing, SIO US\$465, SIO US\$510,
 SIO US\$420, SIO US\$428, C and 1 A Landing,
 SIO US\$440, SIO US\$478, SIO US\$443

COTTON
 LIVERPOOL - Spot and shipment sales for the week ending 24 May 1981 amounted to 25 tonnes against nil in the previous week.

COGSA - London POZ				Chennai
	Close	Previous	High/Low	
May	625	622	681 571	
Jun	598	606	608 567	
Sep	627	608	635 626	
Dec	605	674	670 663	
Mar	600	705	700 685	
May	719	728	722 715	
Jun	716	730	746 740	

Turnover: 2213 (3376) lots on 10 tonnes
 100 India prices: 10000 cents per tonne, Daily
 price for May 26/80 (771.95) (77.42) 10 day average for
 May 26/80 (781.98)

COFFEE - London POZ				Chennai
	Close	Previous	High/Low	
May	612	608	\$10 \$05	
Jun	532	530	536 530	
Sep	557	558	581 555	
Dec	547	578	581 578	
Mar	602	597	604 598	
Jun	622	619	622 616	

Turnover: 2220 (2622) lots on 5 tonnes
 100 India prices: 10000 cents per pound for
 May 24: 24 Cent 68.10 (65.33), 15 day

average 67.65 (67.80)

POTATOES - London POKK				£/tonne	
	Close	Previous	High/Low		
Nov	87.0	85.0			
Apr	130.4	132.5	135.5 130.0		
Turnover 130 (52) lots of 40 tonnes.					
SOYABEAN - London POKK				£/tonne	
	Close	Previous	High/Low		
Aug	128.00	128.00			
Oct	129.00	130.00			
Turnover 0 (40) lots of 20 tonnes.					
FRESHBET - London POKK				\$/100index points	
	Close	Previous	High/Low		
Jun	1898	1885	1700 1890		
Jul	1509	1574	1585 1550		
Oct	1616	1678	1625		
Jan	1840	1850	1800 1840		
Apr	1800	1800	1800		
BFI	1734	1715			
Turnover 291 (381)					
GRAINBEE - London POKK				£/tonne	
	Close	Previous	High/Low		
Wheat					
Jan	134.00	135.25	135.50 134.00		
Sep	112.40	111.80	112.40		
Nov	115.25	114.00	115.50 115.10		
Mar	121.50	121.15	121.75		
Barley					
Sep	109.50	106.35	106.70 109.50		
Nov	112.10	112.10	113.50 113.50		
Mar	116.70		116.70		
Turnover: Wheat 132 (213), Barley 104 (49).					
Turnover: lots of 200 tonnes.					
POKEB - London POKK (Cash Settlement) p/bps					
	Close	Previous	High/Low		
Aug	116.5	116.0	116.0		
Jan	105.0	104.5	105.0		
Turnover=20 (55) lots of 3,250 kg					
RUBBER - London POKK					
	Close	Prev.	High	Low	Vol
Index	133.34	133.51			
Jan	133.50	133.50	133.50		75
Jul	140.10	138.50	140.10	138.50	95
Sep	138.20	140.00	140.00	138.50	60

LONDON METAL EXCHANGE			
	Closes	Previous	High/Low
Aluminium, 99.7% purity (¢ per tonne)			
Cash	1263.5	1260.70	
3 months	1226.6	1209.300	1300/130
Copper, Grade A (¢ per tonne)			
Cash	1270.1	1265.4	1280/1270
3 months	1259.9	1230.6	1304/124
Lead (¢ per tonne)			
Cash	313.4	314.7	
3 months	325-5.5	326.8	326.5/320
Nickel (¢ per tonne)			
Cash	8306.65	8280.80	8290
3 months	8250.00	8090.00	8300/825
Zinc (¢ per tonne)			
Cash	5626.35	5589.90	5580/5600
3 months	5710.20	5755.80	5750/5700
Zinc, Special High Grade (¢ per tonne)			
Cash	1071.5	1075.7	
3 months	1061.6	1036.2	1050/1060
U.S. dollar/£	1.78 rate		
SPOT: 1.7427		3 months: 1.7199	

Figure 1 is a line graph showing the percentage of total sample for each age group (0-14, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75+) across different years (1970, 1980, 1990, 2000, 2010, 2020). The y-axis represents the percentage of total sample, ranging from 0 to 100. The x-axis represents the years. The 0-14 age group shows a steady decline from about 25% in 1970 to 10% in 2020. The 15-24 age group shows a slight increase from about 15% in 1970 to 20% in 2020. The 25-34 age group shows a slight increase from about 10% in 1970 to 15% in 2020. The 35-44 age group shows a slight increase from about 10% in 1970 to 15% in 2020. The 45-54 age group shows a slight increase from about 10% in 1970 to 15% in 2020. The 55-64 age group shows a slight increase from about 10% in 1970 to 15% in 2020. The 65-74 age group shows a slight increase from about 10% in 1970 to 15% in 2020. The 75+ age group shows a slight increase from about 10% in 1970 to 15% in 2020.

LONDON METAL MARKET				
Prices supplied by M.M. Robertson				
Gold (fine oz) bars		£ equivalent		
Closing	292.75-291.25			
Open	305.30-355.70			
Morning fix	338.50			
Afternoon fix	352.00			205.04
Day's high	361.50-362.00			
Day's low	354.00-354.50			
Lace Ldn Mean Gold Lending Rates (% US\$)				
1 month	5.28	6 months	5.14	
2 months	5.25	12 months	5.10	
3 months	5.22			
Silver fix		US cts equiv		
Spot	234.52			425.90
3 months	241.05			411.75
6 months	247.22			417.75
12 months	239.70			431.50
GOLD COINAGE				
(Prices supplied by Engelhardt Metals)				
	\$ price		£ equivalent	
Kruggerand	305.00-357.00		205.25-203.75	
Maple leaf	354.00-355.00		210.20-210.50	
New Sovereign	85.00-87.00		49.55-50.00	
TRADED OPTIONS				
Amsterdam (85.75%)	Calls		Puts	
Strike price \$ 1000	Jun	Jul	Jun	Jul
1200	87	114	4	13
1300	22	51	39	48
1400	2	17	118	112
Copper (Grade A)				
	Calls		Puts	
2150	39	51	18	48
2250	89	81	60	97
2350	11	29	131	154
Coffee				
	Jul	Sep	Jul	Sep
500	35	62	3	5
550	7	27	25	20
600	1	10	69	53
Cocoa				
	Jul	Sep	Jul	Sep
500	47	43	18	
550	1	19	13	42
600	1	7	54	80
Brant Grade				
	Jul	Aug	Jul	Aug
1900				92
1800				30

Prizes supplied by Anselmagnien-Mallet Trading	
AA Official	Kerb close Open Interest
Total daily turnover 6,764 lots	
1265-6	1266-7
1269-0	84,894 lots
Total daily turnover 25,883 lots	
1278-0	1280-7
1281-7	118,292 lots
Total daily turnover 2,334 lots	
312.5-2.5	324-4.5
284.5-25	13,000 lots
Total daily turnover 1,861 lots	
8290-70	8310-11
8230-60	12,958 lots
Total daily turnover 1,215 lots	
6950-5	6700-05
5730-5	6,940 lots
Total daily turnover 3,092 lots	
1072-2.5	1066-60
1067-0	26,832 lots
6 months: 1,7080	9 months: 1,6886

New York

NEW YORK				
GOLD 100 troy oz. \$/troy oz.				
	CLOSE	Previous	High/Low	
May	353.5	355.5	358.0	353.0
Jun	353.7	355.8	355.0	354.7
Jul	355.1	355.1	0	0
Aug	355.7	355.7	357.5	357.5
Sep	356.7	357.5	374.0	363.9
Oct	359.8	359.2	361.2	362.3
Nov	361.7	361.7	361.7	361.7
Dec	375.5	372.2	366.7	366.7
Jan	382.9	375.5	0	0
PLATINUM 50 troy oz. \$/troy oz.				
	CLOSE	Previous	High/Low	
Jul	397.5	392.8	398.2	390.0
Aug	401.5	401.5	401.5	395.4
Jul	408.1	401.3	405.5	400.5
Aug	410.1	405.3	405.0	404.8
Jul	414.1	409.3	0	0
SILVER 5,000 troy oz. cents/troy oz.				
	CLOSE	Previous	High/Low	
May	413.2	402.5	415.0	404.5
Jun	415.4	402.9	0	0
Jul	417.5	405.0	421.0	404.5
Sep	422.5	408.9	426.0	411.0
Oct	429.6	415.0	429.0	415.5
Nov	431.7	418.8	0	0
Dec	437.3	424.3	440.5	429.0
Jan	432.7	425.5	0	0
Feb	440.0	424.4	0	0
Mar	433.8	440.5	0	0
HIGH GRADE COPPER 25,000 lbs. cents/lb.				
	CLOSE	Previous	High/Low	
Jul	90.80	100.85	101.20	98.80
Aug	90.80	100.50	100.50	98.80
Jul	90.20	90.70	92.45	98.80
Aug	90.20	90.70	90.80	98.80
Sep	90.40	90.15	90.80	98.10
Oct	90.65	90.70	90.80	98.00
Nov	90.75	90.50	92.70	97.70
Dec	90.40	91.15	95.70	97.00
Jan	90.70	90.70	90.70	97.00
Feb	90.70	90.50	90.70	96.70

LATEST 42,000 US galts, Shell			
	Close	Previous	High/Low
21.51	21.19	21.40	21.22
21.32	21.22	21.38	21.23
21.38	21.28	21.47	21.26
21.36	21.36	21.34	21.32
21.30	21.40	21.35	21.30
21.34	21.23	21.42	21.33
21.33	21.31	21.33	21.31
21.35	21.31	21.33	21.30
21.18	21.20	21.20	21.18

LATEST 42,000 US galts, centaurUS galts			
	Close	Previous	High/Low
5625	5574	5650	5600
5645	5654	5730	5675
5745	5675	5690	5665
5745	5640	5680	5635
5680	5657	5650	5636
5680	5685	5740	5670
5750	5705	5710	5740
5680	5710	5695	5685
5680	5745	5585	5640

CMA 10 tonnes/30 tonnes			
	Close	Previous	High/Low

SOYBEAN			
	Close	Previous	High/Low
Aug	10.50	10.50	10.50
Sept	10.50	10.50	10.50
Oct	10.50	10.50	10.50
Nov	10.50	10.50	10.50
Dec	10.50	10.50	10.50
Jan	10.50	10.50	10.50
Mar	10.50	10.50	10.50
May	10.50	10.50	10.50

984	982	991	878	
1012	1020	1018	1008	
1055	1060	1060	1060	

1058									
1100	1104	1100	1065						
1125	1130	0	0						Aug
1150	1160	0	0						Sep
1175	1187	0	0						Oct
1199	1204	0	0						Nov
1225	1230	0	0						Dec
1250	1255	0	0						Jan
1275	1280	0	0						Feb
1300	1305	0	0						Mar
1325	1330	0	0						Apr
1350	1355	0	0						May
1375	1380	0	0						Jun
1400	1405	0	0						Jul
1425	1430	0	0						Aug
1450	1455	0	0						Sep
1475	1480	0	0						Oct
1500	1505	0	0						Nov
1525	1530	0	0						Dec
1550	1555	0	0						Jan
1575	1580	0	0						Feb
1600	1605	0	0						Mar
1625	1630	0	0						Apr
1650	1655	0	0						May
1675	1680	0	0						Jun
1700	1705	0	0						Jul
1725	1730	0	0						Aug
1750	1755	0	0						Sep
1775	1780	0	0						Oct
1800	1805	0	0						Nov
1825	1830	0	0						Dec
1850	1855	0	0						Jan
1875	1880	0	0						Feb
1900	1905	0	0						Mar
1925	1930	0	0						Apr
1950	1955	0	0						May
1975	1980	0	0						Jun
2000	2005	0	0						Jul
2025	2030	0	0						Aug
2050	2055	0	0						Sep
2075	2080	0	0						Oct
2100	2105	0	0						Nov
2125	2130	0	0						Dec
2150	2155	0	0						Jan
2175	2180	0	0						Feb
2200	2205	0	0						Mar
2225	2230	0	0						Apr
2250	2255	0	0						May
2275	2280	0	0						Jun
2300	2305	0	0						Jul
2325	2330	0	0						Aug
2350	2355	0	0						Sep
2375	2380	0	0						Oct
2400	2405	0	0						Nov
2425	2430	0	0						Dec
2450	2455	0	0						Jan
2475	2480	0	0						Feb
2500	2505	0	0						Mar
2525	2530	0	0						Apr
2550	2555	0	0						May
2575	2580	0	0						Jun
2600	2605	0	0						Jul
2625	2630	0	0						Aug
2650	2655	0	0						Sep
2675	2680	0	0						Oct
2700	2705	0	0						Nov
2725	2730	0	0						Dec
2750									

CEANO			
BEANS 5,000 bu m/c; cents/100b bushel			
	Close	Previous	High/Low
5770	5740	5770	5800
5804	5784	5818	5794
5822	5802	5834	5760
5830	5802	5814	5820
6000	6004	6030	5938
6140	6118	6140	6250
6212	6190	6220	6140
6280	6254	6280	6194

BEAN OIL 50,000 lbs; cents/bu			
	Close	Previous	High/Low
23.15	23.05	23.18	18.88
23.32	23.08	23.35	23.07
23.57	23.44	23.52	23.26
20.61	20.60	20.67	20.45
21.03	21.05	21.12	20.98
21.12	21.11	21.12	20.98
21.48	21.48	21.48	21.28
21.75	21.65	21.75	21.68

WHEAT MEAL 100 tons; \$/ton

Close	Previous	High/Low
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	Close	Previous	High/Low
172.9	172.7	173.3	171.0
174.3	174.0	174.7	172.5
175.8	175.5	176.3	173.7
175.8	175.5	176.0	174.8
176.3	176.0	176.5	176.6
179.0	178.5	179.0	177.2
180.0	179.5	180.0	178.5
180.5	180.0	180.5	180.0

5,000 bu mirc. conts/600 bushel	Close	Previous	High/Low
25074	25076	25092	25304
25076	25074	25094	25276
25092	25092	25094	25092
25092	25092	25094	25106
25092	25092	25092	25092
25094	25094	25094	25096

6,000 bu mirc. conts/600 bushel	Close	Previous	High/Low
31674	32170	31970	31470
32170	31970	29222	29870
32170	30922	30094	29570
31170	31174	31174	31174
31822	32274	32070	31574

ATTLE 40,000 lbs. cents/lb	Close	Previous	High/Low
70.12	70.05	70.17	75.80
70.14	73.87	74.15	73.40
73.72	73.80	73.92	75.72
73.80	73.80	73.92	75.72
75.67	75.47	75.85	76.50
76.25	76.00	76.50	76.10
74.80	74.60	74.90	74.85

GGH 35,000 lbs. cents/lb	Close	Previous	High/Low
67.56	67.77	67.87	67.46
68.42	66.10	66.45	66.67
63.87	63.80	63.15	65.87
67.77	67.75	67.75	67.85
67.80	67.55	67.85	67.55
67.80	67.90	67.90	67.80
68.45	68.45	68.45	68.45
68.72	68.75	69.72	68.75

HELLIES 40,000 lbs. cents/lb	Close	Previous	High/Low
58.90	58.10	58.85	58.15
55.57	58.55	58.55	54.97
57.32	57.55	57.85	56.90
57.25	57.20	57.25	56.90
58.50	57.50	58.50	58.50
58.00	57.50	59.00	0

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LONDON STOCK EXCHANGE

Shares edge higher in poor volume

POOR trading volume provided the chief, and virtually sole, feature yesterday of a UK stock market convinced that last Friday's cut in base rates may be the last for some time. The FT-SE index managed a small gain, largely on the back of selective demand for pharmaceutical stocks. But the broad range of equities lacked direction, and even the ICI/Hanson situation began to lose its edge as City analysts assessed the regulatory hazards potentially involved.

The day's best-reported trading volume of 285.5m shares fell well under average levels even for the languid markets of recent weeks, and contrasted sharply with the 436.9m reported on Friday. Such lack of activity was particularly noticeable in the FT-SE 100, which was little more than a flat line, and a promising start to the new

Wall Street session brightened the mood in early afternoon, but by the London close New York was below its early best. The final reading showed the FT-SE index at 2,479.7, a gain on the day of 8.5 points. At this level, the UK market is comfortably inside the new trading range identified last week, when the Footsie mark of 2,450 was established as the lower end of the range.

There is less agreement as to the top end of the new range since this depends on views of the progress of the recession in the UK. At Kleinwort Benson Securities, the London-based merchant bank, Mr Trevor Langham believes it will be difficult for the Footsie to move above 2,500 "unless Wall Street breaks lower or Hanson puts some money on the table".

Kleinwort agrees with some others in the UK market that the UK recession is still deepening and that there will be little relief until the third quarter of the year. "Recovery deferred", was the comment yesterday from another leading securities house.

However, the relative absence of selling last week when the market was struggling to hold FT-SE 2,450 underlines positive views about equities later this summer and into next year. By then, say the optimists, base rates will have been cut again and the government's showing in the public opinion polls should be improving.

There was little further response yesterday from the consumer and retail sectors to Friday's half-point cut in domestic base rates. GUS, a

very thinly traded stock, edged higher, but there was no significant move from Marks and Spencer, the prominent high street retailer. Similarly, among the brewers, a gain in Guinness had nothing to do with views on retail spending.

The advances among the pharmaceuticals, however, reflected wider views in the marketplace. Drug stocks are seen as the most guaranteed recession-proof stocks in London, while their international characteristics has marked them out as the best investment means of spreading global stock markets. Also, UK drug stocks benefited from analysts' suggestions that ICI might seek joint developments of spin-offs for its pharmaceutical operations if it faces further aggressive action from the Hanson camp.

Guinness steady at close

GUINNESS was weak in steady trade and against the market trend. There were fears of a glut of stock as some analysts recommended holders of the company's unsecured loan stock and convertible preference shares to take the opportunity to convert into ordinary shares.

The annual conversion days are May 31 for the loan stock and June 3 for the preference shares. If all holders converted, there would be 30m new shares, an increase of about 10 per cent on the number currently in issue, according to Mr Mike McCarthy of Smith New Court.

There was some uncertainty, too, after a story emerged from the Paris stock market that Guinness might increase its 24 per cent stake in LVMH, the French luxury goods group. The arrangement between the two companies includes a clause that allows them to end their relationship after July 31, Guinness said yesterday. "It is a technicality. We have no intention of using that clause."

Finally, there was vague talk early in the session of a rights issue. This was dismissed by analysts, who pointed out that the company's share price was below its book value.

Guinness was 11 lower at worst before recovering to end unchanged at 94p. LVMH rose 41 per cent in Paris.

Glaxo in demand

A renewed burst of enthusiasm for Glaxo pushed the shares 41 higher to 222p, and accounted for half the day's rise in the FT-SE 100 index.

There was some speculation that the prospect of a new drug, ondansetron, which is likely to feature at a healthcare conference in Florence, Italy, on June 9, after trading closed, however, Glaxo tried to dampen speculation.

"The market has perhaps got a little excited," Glaxo said. "It will be several years [to develop a marketable drug] even if all goes well."

Glaxo also found support, along with the rest of the drug sector, as analysts and investors considered how ICI might defend itself against a possible bid from 2.8 per cent stakeholder Hanson. Speculation centred on sales or part disposals of ICI's drug business, which the City estimates to be worth \$6bn to \$8bn; ICI is

Account Dealing Dates		
First Dealing	May 29	Jun 3
Open Dealing	May 30	Jun 4
Last Dealing	May 31	Jun 5
Account Day	May 31	Jun 6

strong in the cardiovascular area, where Glaxo is weak. Analysts countered by pointing to Glaxo's avowed policy of going it alone, which suggested that any such deal was unlikely to involve Glaxo. Such a deal, however, added 4 at 10p, having been 12 ahead at one stage, while Platts, up 13 at the day's best, ended a net 2 up at 47p. One analyst suggested, however, that Platts should also be included in a list of possibilities.

Gas busy

British Gas edged ahead to 243p on 3.2m shares traded as dealers reported a strong undercurrent of support for the shares ahead of Thursday's preliminary figures.

The range of analysts' forecasts of historic net income for Gas is from \$1.1bn to \$1.5bn, with the majority going for the top end of the range. There was general agreement among specialists that Gas will announce further job cuts, among a series of general cost cuts, as well as a better than expected dividend payment.

The shares had been upset by the regulatory review, but have picked up strongly in recent sessions amid suggestions of a higher than expected final dividend. Most brokers are going for a 17 per cent rise in final dividend, to 8.5p, giving a total of 12.3p, also up 17 per cent. Yesterday there were hints that a total of 14.5p could be on the cards.

Gas's share price, however, market awaited indications of the second round of book building for the sale of the two Scottish power generators. The two existing power generators were actively traded, with Western Power at 187p, up 7.7m, despite news that clients of Nomura, the Japanese-owned broker, had moved in as an aggressive buyer and accumulated an 8 per cent-plus stake in National Grid, which gives earnings per share of 37.9p, a higher tax charge. On a prospective

FT-A All-Share Index

rating of 10.4 times, Courtland looks good value, he said. Mr Charles Lambert of Smith changed stance, saying he would now look to buy on any further weakness in the shares.

A cautious annual meeting, however, was held in London for the first time in 15 years, while General Accident owned nearly 15 per cent of the Coal Board Pension Funds held almost 14 per cent of American Trust. The latter had been a penny to 17p.

Rather, the high street jewellers, lost 5 to 15p after Carr Kitchin & Aitken lowered its estimate for the company's end of year profits.

Equity Shares Traded

Turnover by volume (million)

Trading volume in the FT-SE 100 was 285.5m shares, down from 436.9m on Friday. The FT-SE 100 index was 2,479.7, up 8.5 points from 2,471.2 on Friday.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (FT-SE 100) (Stock, 1991, 1990, 1989, 1988, 1987, 1986, 1985, 1984, 1983, 1982, 1981, 1980, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, 1895, 1894, 1893, 1892, 1891, 1890, 1889, 1888, 1887, 1886, 1885, 1884, 1883, 1882, 1881, 1880, 1879, 1878, 1877, 1876, 1875, 1874, 1873, 1872, 1871, 1870, 1869, 1868, 1867, 1866, 1865, 1864, 1863, 1862, 1861, 1860, 1859, 1858, 1857, 1856, 1855, 1854, 1853, 1852, 1851, 1850, 1849, 1848, 1847, 1846, 1845, 1844, 1843, 1842, 1841, 1840, 1839, 1838, 1837, 1836, 1835, 1834, 1833, 1832, 1831, 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LONDON SHARE SERVICE

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AMERICANS									
1991	Stock	Price	1990	Div	Yield	1991	Stock	Price	1990
100	Alcoa	28.5	100	0.10	0.35	100	Alcoa	28.5	100
101	Amgen	115.0	101	0.10	0.87	101	Amgen	115.0	101
102	Amstar	25.0	102	0.10	0.40	102	Amstar	25.0	102
103	Amstar	25.0	103	0.10	0.40	103	Amstar	25.0	103
104	Amstar	25.0	104	0.10	0.40	104	Amstar	25.0	104
105	Amstar	25.0	105	0.10	0.40	105	Amstar	25.0	105
106	Amstar	25.0	106	0.10	0.40	106	Amstar	25.0	106
107	Amstar	25.0	107	0.10	0.40	107	Amstar	25.0	107
108	Amstar	25.0	108	0.10	0.40	108	Amstar	25.0	108
109	Amstar	25.0	109	0.10	0.40	109	Amstar	25.0	109
110	Amstar	25.0	110	0.10	0.40	110	Amstar	25.0	110
111	Amstar	25.0	111	0.10	0.40	111	Amstar	25.0	111
112	Amstar	25.0	112	0.10	0.40	112	Amstar	25.0	112
113	Amstar	25.0	113	0.10	0.40	113	Amstar	25.0	113
114	Amstar	25.0	114	0.10	0.40	114	Amstar	25.0	114
115	Amstar	25.0	115	0.10	0.40	115	Amstar	25.0	115
116	Amstar	25.0	116	0.10	0.40	116	Amstar	25.0	116
117	Amstar	25.0	117	0.10	0.40	117	Amstar	25.0	117
118	Amstar	25.0	118	0.10	0.40	118	Amstar	25.0	118
119	Amstar	25.0	119	0.10	0.40	119	Amstar	25.0	119
120	Amstar	25.0	120	0.10	0.40	120	Amstar	25.0	120
121	Amstar	25.0	121	0.10	0.40	121	Amstar	25.0	121
122	Amstar	25.0	122	0.10	0.40	122	Amstar	25.0	122
123	Amstar	25.0	123	0.10	0.40	123	Amstar	25.0	123
124	Amstar	25.0	124	0.10	0.40	124	Amstar	25.0	124
125	Amstar	25.0	125	0.10	0.40	125	Amstar	25.0	125
126	Amstar	25.0	126	0.10	0.40	126	Amstar	25.0	126
127	Amstar	25.0	127	0.10	0.40	127	Amstar	25.0	127
128	Amstar	25.0	128	0.10	0.40	128	Amstar	25.0	128
129	Amstar	25.0	129	0.10	0.40	129	Amstar	25.0	129
130	Amstar	25.0	130	0.10	0.40	130	Amstar	25.0	130
131	Amstar	25.0	131	0.10	0.40	131	Amstar	25.0	131
132	Amstar	25.0	132	0.10	0.40	132	Amstar	25.0	132
133	Amstar	25.0	133	0.10	0.40	133	Amstar	25.0	133
134	Amstar	25.0	134	0.10	0.40	134	Amstar	25.0	134
135	Amstar	25.0	135	0.10	0.40	135	Amstar	25.0	135
136	Amstar	25.0	136	0.10	0.40	136	Amstar	25.0	136
137	Amstar	25.0	137	0.10	0.40	137	Amstar	25.0	137
138	Amstar	25.0	138	0.10	0.40	138	Amstar	25.0	138
139	Amstar	25.0	139	0.10	0.40	139	Amstar	25.0	139
140	Amstar	25.0	140	0.10	0.40	140	Amstar	25.0	140
141	Amstar	25.0	141	0.10	0.40	141	Amstar	25.0	141
142	Amstar	25.0	142	0.10	0.40	142	Amstar	25.0	142
143	Amstar	25.0	143	0.10	0.40	143	Amstar	25.0	143
144	Amstar	25.0	144	0.10	0.40	144	Amstar	25.0	144
145	Amstar	25.0	145	0.10	0.40	145	Amstar	25.0	145
146	Amstar	25.0	146	0.10	0.40	146	Amstar	25.0	146
147	Amstar	25.0	147	0.10	0.40	147	Amstar	25.0	147
148	Amstar	25.0	148	0.10	0.40	148	Amstar	25.0	148
149	Amstar	25.0	149	0.10	0.40	149	Amstar	25.0	149
150	Amstar	25.0	150	0.10	0.40	150	Amstar	25.0	150
151	Amstar	25.0	151	0.10	0.40	151	Amstar	25.0	151
152	Amstar	25.0	152	0.10	0.40	152	Amstar	25.0	152
153	Amstar	25.0	153	0.10	0.40	153	Amstar	25.0	153
154	Amstar	25.0	154	0.10	0.40	154	Amstar	25.0	154
155	Amstar	25.0	155	0.10	0.40	155	Amstar	25.0	155
156	Amstar	25.0	156	0.10	0.40	156	Amstar	25.0	156
157	Amstar	25.0	157	0.10	0.40	157	Amstar	25.0	157
158	Amstar	25.0	158	0.10	0.40	158	Amstar	25.0	158
159	Amstar	25.0	159	0.10	0.40	159	Amstar	25.0	159
160	Amstar	25.0	160	0.10	0.40	160	Amstar	25.0	160
161	Amstar	25.0	161	0.10	0.40	161	Amstar	25.0	161
162	Amstar	25.0	162	0.10	0.40	162	Amstar	25.0	162
163	Amstar	25.0	163	0.10	0.40	163	Amstar	25.0	163
164	Amstar	25.0	164	0.10	0.40	164	Amstar	25.0	164
165	Amstar	25.0	165	0.10	0.40	165	Amstar	25.0	165
166	Amstar	25.0	166	0.10	0.40	166	Amstar	25.0	166
167	Amstar	25.0	167	0.10	0.40	167	Amstar	25.0	167
168	Amstar	25.0	168	0.10	0.40	168	Amstar	25.0	168
169	Amstar	25.0	169	0.10	0.40	169	Amstar	25.0	169
170	Amstar	25.0	170	0.10	0.40	170	Amstar	25.0	170
171	Amstar	25.0	171	0.10	0.40	171	Amstar	25.0	171
172	Amstar	25.0	172	0.10	0.40	172	Amstar	25.0	172
173	Amstar	25.0	173	0.10	0.40	173	Amstar	25.0	173
174	Amstar	25.0	174	0.10	0.40	174	Amstar	25.0	174
175	Amstar	25.0	175	0.10	0.40	175	Amstar	25.0	175
176	Amstar	25.0	176	0.10	0.40	176	Amstar	25.0	176
177	Amstar	25.0	177	0.10	0.40	177	Amstar	25.0	177
178	Amstar	25.0	178	0.10	0.40	178	Amstar	25.0	178
179	Amstar	25.0	179	0.10	0.40	179	Amstar	25.0	179
180	Amstar	25.0	180	0.10	0.40	180	Amstar	25.0	180
181	Amstar	25.0	181	0.10	0.40	181	Amstar	25.0	181
182	Amstar	25.0	182	0.10	0.40	182	Amstar	25.0	182
183	Amstar	25.0	183	0.10	0.40	183	Amstar	25.0	183
184	Amstar	25.0	184	0.10	0.40	184	Amstar	25.0	184
185	Amstar	25.0	185	0.10	0.40	185	Amstar	25.0	185
186	Amstar	25.0	186	0.10	0.40	186	Amstar	25.0	186
187	Amstar	25.0	187	0.10	0.40	187	Amstar	25.0	187
188	Amstar	25.0	188	0.10	0.40	188	Amstar	25.0	188
189	Amstar	25.0	189	0.10	0.40	189	Amstar	25.0	189
190	Amstar	25.0	190	0.10	0.40	190	Amstar	25.0	190
191	Amstar	25.0	191	0.10	0.40	191	Amstar	25.0	191
192	Amstar	25.0	192	0.10	0.40	192	Amstar	25.0	192
193	Amstar	25.0	193	0.10	0.40	193	Amstar	25.0	19

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Int	Chg.	Bid	Offer + or -	Yield
Rate	Price	Price	Price	%

— 61/47.11 47.11/50.33/0.00/6.88

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100-443887-100

Compiled with the assistance of Lautro §§

This charge is included in the price of cuts.

Other preparatory notes are contained in the last column of the FT Managed Funds Service.

50 Life Assurance and Unit Trust Securities Organisation, Geneva, P.O. Box 193 New Oxford Street, London WC2A 10W Tel: 071 - 273 - 8444.

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[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

A bright future:			
Aluminum - the recyclable material of the future.			
Leading in Germany: the VIAG subsidiary VAW-Verenigte Aluminium-Werke AG.			
VIAG			
AKTIENGESellschaft			
Georg-von-Boeselager-Str. 25 D-5300 Bonn I			

Continued on next page

AKTIENGESELLSCHAFT
Georg-von-Boeselager-Str. 25
D-5300 Bonn 1

کتابخانه

NASDAQ NATIONAL MARKET

3:00 pm prices May 28

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3:00 am prices May 28

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JULY 9 1991.
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FT SURVEYS

AMERICA

Automotive sector active in post-holiday trading

Wall Street

US EQUITIES outpaced the bond market by the early afternoon yesterday, after moving in tandem in early trading. Share prices registered moderate gains in subdued post-holiday trading, writes Karen Zager in New York.

At 1.30 pm, the Dow Jones Industrial Average was 16.99 higher at 2,930.50, on moderate volume. The broadly based Standard & Poor's 500, however, eased 0.07 to 377.42 by 12.30 pm and declining issues led advancing stocks by seven to six. Wall Street was shut on Monday.

The bond market was unable to shake-off its holiday stupor and bonds were unchanged to a point higher at mid-session.

Shares in Bankers Trust added \$2 1/2 to \$52 1/2 and J.P. Morgan rose \$1 1/2 to \$53 1/2 after an analyst at Shearson Lehman Brothers upgraded its investment rating to buy, and increased earnings estimates for both banks.

News that American Barrick and Newmont Mining were discussing a possible merger spurred trading in American Barrick, which added \$1 1/2 to \$19 1/2. Shares in Newmont Mining were suspended at mid-session, but Newmont Gold added \$1 1/2 to \$18 1/2. The proposed merger, in which American Barrick would swap 1.8 shares

for each Newmont share, could include Newmont Gold. Potlatch dropped \$4 1/2 to \$41 1/2 after the company said late on Friday that it was not for sale. International Paper, which had expressed interest in a friendly acquisition, eased \$1 1/2 to \$60.

Sunstrand slid \$1 1/2 to \$32 after the company projected significantly lower second quarter earnings from continuing operations.

Automobile issues were particularly active in morning trading. General Motors climbed \$1 1/2 to \$40 1/2. Ford added \$1 1/2 to \$34 1/2 and Chrysler gained \$1 1/2 to \$13 1/2. Among other actively traded blue chip issues, Philip Morris improved \$1 1/2 to \$88 1/2. PepsiCo firmed \$1 1/2 to \$32 1/2 and IBM fell \$1 1/2 to \$103 1/2.

Shares in L.A. Gear edged \$1 1/2 higher to \$10 1/2 after the troubled fashion sport shoe maker said it had a definitive agreement to sell \$100m in convertible preferred stock to Trefill Capital Investors, an investment fund managed by Shamrock Capital Advisers.

In the secondary market, Merrill Lynch Corporation jumped \$1 1/2 to \$17 1/2 after the typesetting, printing and distribution services company turned in first-quarter net income of 43 cents a share, against 37 cents a year earlier.

Dell Computer rose \$1 1/2 to \$24 1/2 on the news that it had

introduced a desktop computer based on Intel's 386-SX chip and designed for business application. Shares in Intel rose \$1 1/2 to \$52. Apple Computer was the most active issue of the morning, easing \$1 1/2 to \$45 1/2.

Shares in Centocor, which rose sharply last week, added another \$1 1/2 to \$38 1/2 on expectations that the Food and Drug Administration would look in September at the company's drug to treat septic shock associated with surgery.

Canada

TORONTO STOCKS climbed across the board by mid-session, on buying triggered by expectations of a turnaround in the economy.

The composite index gained 13.0 to 3,463.6 and advances led declines by 92 to 68, on volume of 14.7m shares.

Paper and forest products companies rose as lumber prices advanced following a gain in housing starts in the US and Canada. MacMillan Bloedel gained 3 1/2 to a 52-week high of C\$20.

A jump in Comex gold futures lifted gold shares. American Resources, in merger talks with US-based Newmont Mining, rose 3 1/2 to C\$22 1/2.

The Bank of Nova Scotia firmed 3 1/2 to C\$17 1/2. The bank announced a rise in second-quarter net earnings.

ASIA PACIFIC

Japan ends little changed as HK recoups part of loss

Tokyo

THE ABSENCE of overnight activity on overseas markets, owing to Monday's holidays in the US and UK, subdued Tokyo yesterday. The Nikkei average closed marginally lower on small-lot selling, writes Emiko Terazono in Tokyo.

The index lost a net 35.21 at 25,390.57, after a day's high of 25,517.41 and a low of 25,340.96. Volume remained thin. 240m shares changing hands compared with Monday's 300m.

Declines led advances by 530 to 381, with 198 issues unchanged. The Topix index shed 7.02 to 1,926.55, and in London trading the ISE/Nikkei 50 index eased 0.06 to 1,435.35.

Activity centred on short-term trading by dealers, yesterday being the last trading day for May delivery contracts.

Nippon Telegraph and Telephone, the benchmark stock, fell ¥7,000 to ¥920,000.

The lack of news left investors and dealers focusing on reports of a joint oil refinery construction project in Saudi Arabia. Nippon Oil added ¥20 to ¥1,070. Arabian Oil, ¥130 to ¥6,900 and Chiyoda, the plant engineer, climbed ¥50 to ¥2,550.

Other companies related to plant construction also rose. Nippon Mining gained ¥10 to ¥584, oil tank constructor Toyo Kanetsu ¥30 to ¥1,180 and Japan Steel Works ¥34 to ¥844.

Profits news and forecasts influenced some share prices. Yokogawa Bridge Works, the leading bridge maker, fell ¥230 to ¥2,300, the year's low. Investors were discouraged by the company's forecast of an 11 per cent drop in pre-tax profits.

Nippon Denetsu Kogyo, the rail and signal installation concern, dipped ¥170 to ¥2,080 on projections of a marginal 2 per cent rise in pre-tax profits for the current year. It had been

popular recently on hopes that it would benefit from capital spending by Japan Railway.

Fujikura, the electric cables and wire maker, put on ¥40 to ¥1,070 on forecasting a 29 per cent pre-tax profit increase.

Taiyo Yuden, the electrolytic capacitor maker, fell ¥72 to ¥928 after announcing a 49 per cent drop in pre-tax profits. Banks also declined on sharp profit falls, caused by a rise in interest rates, lower margins and poor stock market conditions.

Dai-ichi Kangyo Bank lost ¥50 to ¥2,440 and Sumitomo Bank ¥30 to ¥2,450. Shipping companies were sought on rumours of a merger. Kawasaki Kisen moved up ¥38 to ¥565 and Mitsui O.S.K. Lines added ¥27 to ¥687. Mitsui O.S.K. also benefited from rumours of speculation activity related to political fund raising.

In Osaka, the OSE average slipped 156.92 to 27,916.08 on volume of 19.1m shares, up from 16.3m. Hosiden, the electronics parts maker, fell for the fourth consecutive day, losing ¥10 to ¥1,870, on a lower than expected profits forecast.

The issue had been popular previously on the liquid crystal display theme promoted by the Japanese brokerages.

Roundup

ENCOURAGING news from the US revived Hong Kong yesterday, but other Pacific Rim markets were quietly mixed. Singapore, Kuala Lumpur and Bombay were closed.

HONG KONG bounced back after the previous day's 3.5 per cent fall, but ended well below the day's high.

The news that US President George Bush intended to extend China's most favoured nation trading status for another year helped the Hang Seng index make an early 65-point rise, but it fell back to

close at 3,594.78, up 19.26. Turnover contracted to HK\$1.37bn from HK\$1.87bn.

AUSTRALIA lost 1.1 per cent as the state of the local dollar and speculation over the future of Treasurer Mr Paul Keating worried investors. The All Ordinaries index shed 17.0 to 1,518.2. Volume shrank to a three-month low, with only 65m shares worth A\$142m traded.

NEW ZEALAND's Barclays index declined 11.66 to 1,497.76, also in thin trading.

MANILA fell on worries over a possible general strike next week. The composite index, down 1.2 per cent on Monday after last week's 17-month high, lost 12.31 or 1 per cent to 1,167.15. The Ayala Land share offer also kept funds out of the market, turnover falling to 82m pesos from 106m.

On the over-the-counter market, Ayala Land traded at 28 pesos a share, a 7.7 per cent premium to the offer price of 26 pesos.

TAIWAN's trading volume declined to its lowest level for more than two months, as share prices edged higher after the previous day's losses. The weighted index gained 37.72 to 5,838.17, in thin trading.

SEKOL fell to a low for the year in light trading, the composite index ending 3.48 off at 613.82. Turnover came to Won\$2.5bn (Won\$2.1bn).

News that North Korea will apply for membership of the United Nations failed to inspire the market.

SOUTH AFRICA

MODEST investment interest and a weaker financial rand helped lift Johannesburg industrials to a record high of 3,599, up 3 yesterday, while golds firmed 12 to 1,191 in spite of a lack of direction in world bullion prices.

European laggards and Malaysia take lead

MARKETS IN PERSPECTIVE

	% change in local currency	% change sterling	% change US\$
1 Week	4 Weeks	1 Year	Start of 1991
Austria	-1.42	-3.46	-15.62
Belgium	-2.00	-3.32	-7.15
Denmark	+1.22	+3.30	-2.82
Finland	+3.17	+4.21	-14.62
France	+1.07	+1.19	-15.58
Germany	+3.13	+1.25	-10.50
Ireland	-0.49	-2.36	-13.16
Italy	+2.95	+1.02	-23.20
Netherlands	+1.31	-1.19	-0.73
Norway	+0.24	+0.71	-13.44
Spain	+0.02	+0.51	-2.56
Sweden	+4.61	+4.12	-7.54
Switzerland	+2.36	+2.01	-3.80
UK	+0.47	+0.42	-7.35
EUROPE	+0.84	+0.51	-3.48
Australia	+0.56	-0.02	+7.67
Hong Kong	-4.36	+2.19	+25.50
Japan	-0.28	-0.42	-18.24
Malaysia	+7.12	+4.19	+6.73
New Zealand	+0.49	+5.14	-18.33
Singapore	+1.88	-0.17	-5.94
Canada	+0.03	-1.56	-1.83
USA	+1.38	-0.54	+5.41
Mexico	+3.41	+9.84	+89.94
South Africa	+1.98	+2.59	-6.26
WORLD INDEX	+0.65	-0.16	-5.38

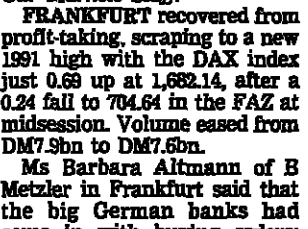
Source: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EUROPE

Frankfurt and Milan consolidate their gains

Nouvelles Galeries

Share price relative to the Paris CAC 40 index



Source: Datastream

was increasing its stake. In addition, there was news this week that Mr Bernard Arnault, LVMH chairman, would receive a cash boost from the sale of Conforama, the furniture retailer controlled by one of his companies.

Nouvelles Galeries, the department store company at the centre of a takeover battle, jumped 6.8 per cent on the first

FT-SE Eurotrack 100 - May 28

Hourly changes					
Open	10 am	11 am	12 noon	2 pm	3 pm
1135.42	1134.19	1135.07	1136.85	1137.76	1138.19
Day's High 1138.49					
Day's Low 1134.02					
May 24	May 25	May 26	May 27	May 28	May 29
1132.21	1132.62	1131.74	1132.75	1132.04	1132.04

Source: Datastream

day of trading since its suspension on April 26. The shares ended FF83 up at FF83.85, but below a day's high of FF85.77, with 18,950 exchanged. Galeries Lafayette, which was forced to bid for the company after buying a stake from Sweden's Proventus, dropped FF73 or 4.1 per cent to FF71.75.

Alcatel Alsthom, which is reported to be bidding for a contract to supply high-speed trains to Texas through its 50 per cent-owned GEC Alsthom unit, added FF6 to FF57.9.

ZURICH hit another year's high in good volume, on buying of high quality blue chips, as the Credit Suisse index

By William Cochrane

THE RECENT succession of market holidays has given international fund managers time to think and, apparently, the will to act. The rise of less than a percentage point in the FT-Actuaries World Index last week masked some significant changes in the flow of funds.

In Europe a feeling that London was running out of immediate possibilities brought foreign investment back into the laggard markets of Germany and Italy, while there were also politico-economic excitement in Scandinavia.

In the Pacific Basin, Tokyo's lethargy was relieved by enthusiastic buying in Malaysia, and a severe attack of nerves in a Hong Kong market which, until last week, had seemed to be aiming for record highs.

Frankfurt broke new high ground for 1991 last week as international investors returned, and domestic institutions bought banks for their recovery prospects and chemicals for their dividends. But

the most significant feature, in terms of sentiment, was German trading volume, which hit a peak on Wednesday of DM11.6bn (\$6.6bn), up from the previous day's DM6.6bn.

Milan was firm in spite of the controversial Generali rights issue and the banking sector's exposure to financial troubles at the agricultural co-operatives, Federconsorzi. Fiat's maintained dividend and new equity buy-back programme were well received.

Kleinwort Benson says that although the market is cheap, the UK bank remains cautious about Italy's political and economic situation.

Sweden was Europe's best performer on the week with a rise of 4.5 per cent, most of it coming on the news that the krona was to be linked to the Ecu, not the dollar. Speculation that Finland might do something similar brought it along in trade.

The best rise of the week came from Malaysia. Stockbrokers said that the equity market was being driven by an enormous surge in money supply, growing at 50 per cent in March on a year-on-year basis;

that the budget deficit had risen to about 7 per cent of gross domestic product; and that the rise in interest rates, this would normally indicate, had been replaced, in the short-term, by a rundown in government deposits.

Kuala Lumpur was also lifted by speculation that a drop from 70 to 50 per cent in the proportion of the employment fund that must be devoted to government stocks could mean an equivalent boost for equities; and by a sizeable increase in Malaysia's contribution to the FT-Actuaries index for the Pacific Basin, ex Japan.

Hong Kong moved from the prospect, just over a week ago, of breaking records, into a fit of depression on the failure of the latest round of Sino-British talks on the airport project, and fears that the US would put conditions on the renewal of China's most favoured nation trading status. Friday's one-point jump in domestic interest rates added to the pressure, but confidence, revived yesterday as the US President said he would renew Chinese trading privileges.

believed that Friday's FT-Actuaries capital increase had included a £100m placing at about only £14 or £14.50 a share.

BRUSSELS saw demand for individual stocks, but the market closed mixed. Belprest, the steel wire and cord maker, rose BFR180 or 3.1 per cent to BFR180.40 after saying that results had improved in the first four months of the year.

FN was boosted by a newspaper report of an arms deal with Saudi Arabia. FN ordinary stock closed BFR70 or 6.5 per cent at BFR73.20, after hitting a day's high of BFR148, but analysts pointed out that most of FN's activities had been sold to Fiat of France last year.

OSLO's banking index fell 2.7 per cent on concerns over loan losses, as the all-share fell 2.65 to 513.71 in NIKRO turn-over.

MANILA was little changed in quiet trading. Hidra, the utility, gained P15 to P156.5 in volume of 97,946 shares.

ISTANBUL shed 5.1 per cent as the 75-share index fell 196.70 to 3,643.42.

This announcement appears as a matter of record only

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ERVEN LUCAS BOLS



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MARAU TRADEMARK

from

UTIARA S.A. AGROINDÚSTRIA E COMÉRCIO

The undersigned acted as advisor to
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and financial structuring of the acquisition

NMB BANK
SÃO PAULO

May 1991

FT-ACTUARIES WORLD INDICES																
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries																
NATIONAL AND REGIONAL MARKETS		MONDAY MAY 22 1991							FRIDAY MAY 26 1991				DOLLAR INDEX			
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (1990)
Australia (72)	141.18	-0.1	120.96	125.51	125.41	123.90	-0.1	5.36	141.37	121.12	123.66	125.68	124.07	147.30	117.24	144.26
Austria (18)	187.85	+0.2	188.51	173.10	175.74	175.83	+0.2	1.50	187.43	188.15	172.73	175.37	187.00	192.00	170.00	191.33
Belgium (20)	134.08	-0.6	118.13	118.78	118.48	118.78	-0.6	0.98	135.91	115.83	118.37	118.37	117.46	151.20	121.70	148.67
Canada (117)	137.15	+0.1	117.51	119.98	121.82	114.17	+0.1	3.51	137.01	117.38	119.89	121.89	114.10	141.70	113.80	136.87
Denmark (31)	242.94	+0.1	208.14	212.54	215.79	216.51	+0.1	1.55	242.83	207.87	212.27	215.25	216.23	218.20	207.00	177.74
Finland (21)	115.24	-0.2	98.82	100.51	102.48	99.05	-0.2	2.48	115.92	98.87	101.07	102.61	98.20	125.15	90.81	137.17
France (111)	135.96	-0.2	116.50	118.96	120.78	123.83	-0.2	3.44	136.24	118.72	119.15	121.00	124.06	128.55	121.95	166.40
Germany (88)	114.63	+0.7	98.21	100.30	101.82	101.82	+0.7	2.19	113.88	97.55	99.82	101.13	101.13	125.15	98.45	151.85
Hong Kong (47)	147.75	-0.7	126.58	129.24	131.22	147.41	-0.7	4.64	143.46	131.47	134.25	136.31	153.13	181.77	119.22	126.77
Ireland (17)	134.76	-0.3	131.74	134.52	136.56	136.31	-0.3	4.08	134.22	132.15	132.15	132.15	132.15	132.15	132.15	132.15
Italy (91)	79.50	+0.5	88.11	89.56	90.12	90.12	+0.5	3.14	79.11	87.77	89.20	90.26	79.88	91.51	71.01	157.54
Japan (432)	138.38	-0.5	116.85	118.31	121.76	121.76	-0.5	6.72	137.03	117.40	119.88	121.74	119.88	146.87	116.35	159.26
Malaysia (33)	146.88	+0.7	211.33	215.30	219.11	219.11	+0.7	2.30	144.97	203.87	214.33	217.58	203.87	254.26	192.50	224.65
Mexico (12)	1000.33	+0.0	857.02	888.54	3272.36	-0.0	0.80	1000.41	857.09	875.20	3282.62	-0.0	857.09	1000.00	857.00	1000.00
Netherlands (40)	139.52	+0.4	119.53	122.08	123.93	122.92	+0.4	4.43	139.01	119.10	121.81	122.48	122.07	145.73	125.70	139.40
New Zealand (19)	131.61	-0.8	41.15	45.84	47.02	47.02	-0.8	7.57	131.44	44.88	46.33	46.33	44.88	54.54	41.16	63.41
Norway (30)	206.49	+1.1	176.91	180.55	182.42	182.42	+1.1	1.62	204.30	175.03	178.74	181.46	181.46	202.54	170.59	200.85
Singapore (25)	202.50	-0.5	173.49	177.18	179.87	185.17	-0.5	2.30	203.44	174.90	177.88	180.70	180.70	205.94	151.63	203.69
South Africa (80)	216.05	-0.1	185.10	188.01	191.30	185.83	-0.1	3.72	216.34	185.34	189.26	192.15	192.15	216.05	173.00	188.33
Spain (41)	181.48	+0.3	136.34	141.27	143.43	129.79	+0.3	4.32	181.00	137.94	140.88	143.01	129.41	171.51	117.54	157.54
Sweden (27)	190.37	+1.6	163.10	166.55	169.10	172.69	+1.6	2.53	187.44	160.59	163.56	166.50	170.03	204.12	149.50	210.67
Switzerland (88)	142.58	-0.1	81.82	83.55	84.54	85.15	+0.1	2.57	140.81	81.38	83.12	84.40	85.05	100.87	82.77	101.01
United Kingdom (29)	117.26	+0.0	146.34	146.83	152.15	146.75	+0.0	4.96	117.23	146.83	152.15	146.75	146.75	152.27	146.75	152.27
USA (523)	152.66	+0.0	130.66	133.74	133.78	128.88	+0.0	3.21	152.88	130.66	133.74	133.78	128.88	152.24	125.95	144.62
Australia (935)	139.90	+0.2	119.66	122.39	124.27	122.31	+0.2	3.89	139.63	119.63	122.12	124.03	122.08	151.22	125.50	146.26
Nordic (109)	184.98	-0.9	158.38	161.73	164.20	159.90	-0.9	2.22	183.97	158.07	160.35	162.81	158.84	200.81	158.55	208.45
Europe (1943)	136.37	-0.2	115.55	117.93	120.20	119.90	-0.2	2.04	136.71	115.84	117.84	120.22	116.22	147.86	121.21	159.45
Pacific (1576)	136.37	-0.2	115.55	117.93	120.20	119.90	-0.2	2.04	136.71	115.84	117.84	120.22	116.22	147.86	121.21	159.45
North America (540)	151.81	+0.0	130.06	133.65	134.87	130.25	+0.0	3.22	151.80	130.06	133.65	134.86	130.24	157.14	124.81	142.81
South America (62)	142.58	-0.1	81.82	83.55	84.54	85.15	-0.1	2.57	140.81	81.38	83.12	84.40	85.05	100.87	82.77	101.01
Pacific Ex. Japan (191)	136.75	-1.4	118.73	122.26	124.14	126.22	-1.4	4.81	141.72	122.12	124.01	125.90	125.00	145.66	111.40	140.59
World Ex. US (1787)	139.60	-0.2	119.60	122.31	124.01	122.70	-0.2	3.20	139.92	119.60	122.42	124.29	122.88	148.18	122.32	151.50
World Ex. UK (1987)	140.28	-0.2	120.18	122.73	124.85	123.03	-0.2	2.95	140.36	120.36	122.83	124.82	123.81	145.77	120.55	145.65
World Ex. Japan (2230)	142.58	-0.1	81.82	83.55	84.54	85.15	-0.1	2.57	142.79	81.38	83.12	84.40	85.05	100.87	82.77	101.01
World Ex. Japan (1836)	147.88	-0.0	126.70	129.39	131.38	130.03	+0.0	3.54	147.88	126.68	129.37	131.26	130.91	152.83	126.68	145.78
The World Index (2230)	143.02	-0.1	122.53	125.13	127.05	132.19	-0.1	2.63	143.42	123.17	125.31	127.29	128.98	149.01	123.18	147.91